Index

A REORGANIZATIONS	ACCOUNTING CONSIDERATIONS—Cont'd
Generally, 18:14 to 18:19	Earnings and profits carryovers, proration of
Consideration used, flexible, 18:15	acquirer's, 22:8
Disadvantages, 18:47	Earnings and profits determination, 6:7
Disregarded entities, 18:14	Incorporating an existing business
Dissenting shareholders, 18:17	generally, 4:34
Equity structure shift, 22:32	accounting method and elections, 4:35
Minority-shareholder squeeze-outs, 21:3	clear, reflection of income, 4:37
Overlap with other provisions, 18:19	Method. See index heading METHODS OF ACCOUNT-
Remote continuity of interest, 18:18	ING
Spin off unrelated to reorganization, 21:8	Multiple corporations, advantages, 23:3
Subsidiary into parent, 21:3	Net operating loss carryovers, 22:7
Unwanted assets	Previously expensed items, 4:38
generally, 21:6	S corporations
disposition, 18:16	accounts receivable, built-in gain, 24:22
nontaxable disposition, 21:8	related party transactions, 24:31
taxable disposition, 21:7	taxable income computation, 24:14
ACCIDENT AND HEALTH PLANS	Section 482 application, 23:12 to 23:15
	Tax attributes, succession to generally, 22:1
Generally, 2:22 to 2:31	method of accounting choice, 22:10
Analysis of medical plan, 2:28	Taxable year selection, 1:9
Benefits received	·
generally, 2:24	ACCOUNTS RECEIVABLE
plan requirements, 2:25	Zero basis to cash method taxpayer, assumption
Bodily injury payments, 2:27	of liabilities, 4:22
Contraceptives, 2:25	ACCUMULATED ADJUSTMENTS ACCOUNT
Contributions to accident and health plans, 2:23	Adjustments for redemptions, 24:19
Excise tax, continuing coverage, 2:25	Reorganizations, distributions in excess of, 21:22
Excludable income, work-related injuries, 2:27	S corporations, taxation of distributions, 24:19
Health reimbursement arrangement (HRA), 2:26	•
Income replacement plan, 2:26	ACCUMULATED EARNINGS AND PROFITS
Medical savings accounts, pilot project, 2:29	(E&P)
Natural category of employees, 2:25	Allocation to multiple distributions, 6:3
Planning considerations, 2:28	Distribution as a dividend, 6:3
Reimbursements, medical expense, 2:26	Purchase business, distribute to shareholders, 10:11
Self-employed individuals, 2:25	10:11
Wage continuation plan, 2:26	ACCUMULATED EARNINGS TAX
ACCOUNTING CONSIDERATIONS	Generally, 8:2
Capital loss carryovers, deemed short term	Accumulated earnings credit
amount, 22:9	generally, 8:21
Cash method, restricted use of, 1:10	reasonable business needs, 8:24
Change in method of accounting	Accumulated taxable income
asset acquisitions, 22:10	generally, 8:21
automatic approval, 1:9	adjustments to taxable income, 8:22
Clear reflection of income, 23:13 to 23:15	Burden of proof, 8:6
Corporate divisions, matching items on distribu-	Business needs, reasonable
tion, 20:23	generally, 8:7
Distortion of taxable income. 23:14	accumulated earnings credit for. 8:21

ACCUMULATED EARNINGS TAX—Cont'd	ACQUIRING CORPORATIONS
Business needs, reasonable—Cont'd anticipated needs, 8:14	See also index headings redemptions; reorganizations
business compared to investment, 8:8	Assumption of liabilities
debt retirement, 8:11	B reorganizations, 18:25
expand or replace facilities, 8:9	C reorganizations, 18:41 to 18:43
investment in third parties, 8:13	B reorganizations
net liquid assets, comparison, 8:19	assumption of liabilities, 18:25
other needs, 8:18	control requirement, generally, 18:27
redemptions of stock, 8:15 to 8:17	preliminary distributions, 18:28
risks and contingencies, 8:10	series of acquisitions of stock, 18:29
Section 303 redemptions, 11:23	Basis, stock sales, affiliated corporations
working capital needs, 8:12	effect of exchange treatment, 12:4
Computation of tax	Built-in gains of target
generally, 8:20	generally, 22:51
accumulated taxable income, 8:21	S corporation as acquirer, 21:20
adjustments to taxable income, 8:22 credit for reasonable accumulations, 8:24	Carryover of tax attributes, C reorganizations, 18:34
reduced by dividends paid, 8:23	Debt, renegotiation of target's, 18:41
Consent dividends, 8:23	Earnings and profits, dividend determination,
Corporations subject to tax, 8:3	Section 304, 12:5
Credit, restrictions on use	Entity determination, Section 381, 22:4
component members, 23:9	Escrow stock transactions, 21:16
multiple corporations, generally, 23:5	Integration of NOL carryovers, 22:7
Definition of "business," 8:8	Method of accounting, determining, 22:10
Dividends paid deduction	Motive, tainted tax avoidance, 22:19
generally, 8:21	Preacquisition losses, 22:51
payments applicable, 8:24	S corporation as target, built-in gain rules, 21:20
Earnings and profits properly retained, 8:19	Section 304 transactions
Historical background, 8:1	acquisition indebtedness exception, 12:15
Investments unrelated to business, 8:19	effect of exchange treatment, 12:4
Jobs and Growth Tax Relief Reconciliation Act,	redemption of acquirer's stock, 12:4
8:1	source rules, dividend treatment, 12:5 Section 338, deemed asset purchase, compared to
Net liquid assets compared to needs, 8:19	liquidation, 14:17
New line of business purpose, 8:8	Section 381 application
Presumption of proscribed purpose, 8:6	generally, 22:4
Purpose considered	operating rules, 22:5
generally, 8:4	Stock for stock reorganizations
factors determining purpose, 8:5	generally, 18:21
Redemptions of stock	expenses of target corporation, 18:24
generally, 8:15	Tax attributes carryover, Section 381 application,
excess business holdings, 8:17	22:4 to 22:14
payment of death taxes, 8:16	Tax consequences, stock issuances, 18:65
Section 303 redemption needs	Unwanted asset problem
generally, 8:16	generally, 21:6
timing of accumulation, 11:23	
Statutory exceptions, 8:3	nontaxable dispositions, 21:8
Tax avoidance purpose, factors, 8:5	taxable dispositions, 21:7
• •	ACQUISITIONS
ACCUMULATION OF INCOME	50% interest in distributing corporation, 20:30
Debt retirement, business purpose, 5:2	Section 355(e) limitations, 20:30

ACQUISITIVE REORGANIZATIONS

See also index headings acquiring corporations;

REORGANIZATIONS; TARGET CORPORATION

Index-2

Presumption of tax avoidance, 8:2

Fringe benefits, **2:14**, **2:15**

ACHIEVEMENT AWARDS FOR EMPLOYEES

ACQUISITIVE REORGANIZATIONS—Cont'd	ADJUSTED NET BOOK INCOME
Asset tailoring transaction	Alternative minimum tax, 1:5
generally, 21:6	ADVANCE RULINGS
nontaxable dispositions, 21:8	
taxable dispositions, 21:7	Contingent stock rights, 21:15 Employee stock ownership plans (ESOPs), trans-
Built-in gains of target, 22:51	action as sale or distribution, 3:104
Contingent consideration	Escrow stock transactions, 21:16
generally, 21:14	Qualified pension plans, GUST opinions, 3:16
escrow transactions, 21:16	Reorganization
rights to additional stock, 21:15	assets retained in target (C)
Conversion of interests, indirect interests, 18:31	generally, 18:36
Creeping transactions	reverse triangular A, 18:56
B reorganizations, 18:31	consideration, A reorganizations, 18:15
reverse triangular A, 18:57	continuity of interest, 18:5
D reorganizations, comparison, 18:59	Section 351 transfers
Equity structure shift, Section 382, 22:32	all substantial rights transferred, 4:5
Hypothetical redemptions	contingent stock utilization, 4:12
boot property, 18:68	readily tradable stock, 4:41
Section 306 stock, 18:70	services contributed for stock, 4:4
Intangible asset treatment, 14:19	transferor of property, 4:23
Motive, tainted tax avoidance, 22:19	transfers, extent of property rights, 4:5
Nonqualified preferred stock, 18:66	Section 355, devise factors, 20:10
Ownership changes, special rules, aggregation and segregation, 22:33	
Party to reorganization, defined, 18:61	AFFILIATED CORPORATIONS
Plan of reorganization, defined, 18:62	See also index headings controlled corporations;
Preacquisition losses of acquirer, 22:51	MULTIPLE CORPORATIONS; RELATED CORPORATIONS;
Principal purpose, tax avoidance, 22:19	RELATED PARTIES
Prior ownership of stock, 18:32	Acquisition followed by spin-off, 20:21
Reverse acquisition rules, consolidate returns,	Brother-sister transactions, 12:2 to 12:6
22:21	Built-in gain, limitation on use, 22:51
Section 306 stock receipt, 18:70	Business purpose of distributions, Section 355
Tax consequences	requirement, 20:6
generally, 18:60 to 18:72	Consolidated returns, overview, 22:21 Defined, worthless security purposes, 5:16
boot property receipt, 18:68	80% vote and value test, 5:16
corporate transferee, 18:65	Holding companies, transfers to, 12:12 to 12:16
corporate transferor, of assets	Liquidation, subsidiary into parent, 15:1
generally, 18:63	Mirror-subsidiary transactions, 15:11
distributions by, 18:64	Parent-subsidiary transactions, 12:7 to 12:11
Section 305 stock receipt, 18:71	Q sub election, 24:5
Section 306 stock receipt, 18:70	Reorganizations, special problems
security holders, generally, 18:66 et seq.	generally, 21:2
shareholders, generally, 18:66 et seq.	asset acquisitions, 21:5
variable prepaid forward contracts, 18:72	brother-sister combinations, 21:4
ACTIVE INCOME OR LOSS	parent-subsidiary combinations, 21:3
Debt held by shareholder-creditor, 5:2	S corporations
•	corporate divisions, 20:36
ACTIVE PARTICIPATION IN	ineligible corporations, 24:5
MANAGEMENT	momentary member, post-1982 law
At-risk rules, 1:7	current law, 21:19
Passive activity loss limitations, 1:8	momentary member, pre-1982 law
ADJUSTED CURRENT EARNINGS	generally, 21:18
Alternative minimum tax, 1:5	stock transfers to avoid status, 24:5
Life insurance, funding of 303 redemption, 11:22	stock-ownership requirement, 24:5

AFFILIATED CORPORATIONS—Cont'd

Separate return limitation year rules (SRLY), 22:21

Target corporation as member, Section 338(h)(10) election, **16:7**

Tax attributes, limited carryover, 22:21

AFFILIATED GROUPS

Membership by S corporation generally, 21:19 consolidated return filing, 24:5 Subsidiary ownership by S corporation, 24:5

AGE DISCRIMINATION

Pension Protection Act of 2006, 3:2

ALLOCATIONS

Basis among shares of stock classes of property, 18:69 Section 306 stock, 13:12

Earnings and profits, multiple distributions, 6:3

Forfeitures, qualified plans, 3:24

Income and deductions

history of regulations, 23:15

intercompany transactions, 23:12

loss limitations, 22:42

S termination year, 24:10

Incorporation, types of property, 4:26

Multiple benefits, affiliated members, 23:9

Purchase price, asset acquisitions, 14:18

Residual method of, Section 338, 14:18

Section 482, reallocations

generally, 23:13

history of regulations, 23:15

Stock dividends, 7:16

Transactions among related parties, reallocation by service, 23:13

Unreasonable compensation, to current and deferred, 3:34

ALTERNATIVE MINIMUM TAX

Generally, 1:5

Jobs and Growth Tax Relief Reconciliation Act, 1:5

Life insurance, funding of 303 redemption, 11:22 Small C corporations, exemption from tax, 1:5

AMERICAN JOBS CREATION ACT

Section 409A, treatment of nonqualified compensation plans under, 3:91

AMORTIZATION

Intangibles

defined, 14:20

development of, 14:19

dispositions, 14:21

nonrecognition transactions, 14:22

Software, 14:20

ANNUITIES

Personal holding company income, 9:10 Qualified plans, benefits payable as generally, 3:30 amount excluded from income, 3:43 individual retirement annuities, 3:52 lump sum subject to option, 3:42 Section 1244 stock, defined for, 5:27

ANTIQUES

Capital gains rates exclusion, 1:3

APPRECIATED PROPERTY

Distributions by corporation effect on earnings and profits, 6:18 gain recognition, 6:16 historical background, 6:15 shareholder taxed on value, 6:17 Distributions in reorganization, acquiring corporation, 18:65

Distributions in restructuring, transferee corporation, 19:26

Liquidating distribution of subsidiary, Section 337 application, **15:8**

Liquidation reincorporation, 21:9

Redemptions to pay death taxes

generally, 11:8

corporate recognition of gain, 11:24

effect on earnings and profits, 11:25

Reorganizations, transferee corporation, gain recognition, 18:65

Restructuring transactions, gain recognition, 19:26

Retention by target corporations, C reorganizations, 18:34

S corporations, tax on built-in gains, 24:22

ARMS-LENGTH PRICING

Section 482 regulations, 23:16

ARTWORKS

Capital gains rates exclusion, 1:3

ASSET ACQUISITIONS

Generally, 18:32

See also index headings c reorganizations; REORGANIZATIONS

Allocation of purchase price, Section 1060, 14:18

Bausch & Lomb doctrine, 21:5 Brother-sister combinations, 21:4

Consistency requirements, 16:6

Deemed asset purchase

generally, 16:1

allocation of deemed price, 14:18

compared to corporate liquidation, 14:17

compared to subsidiary liquidation, 15:14

historical background, 16:2

qualified stock purchase, 16:4

ASSET ACQUISITIONS—Cont'd ATTRIBUTION RULES—Cont'd Deemed asset purchase—Cont'd Redemptions under Section 302 Section 338 overview, 16:3 generally, 10:3 Election requirement dividend equivalence, 10:8 generally, 16:5 Related parties, loss limitation in liquidation, 14:10 deemed election, **16:6** S corporations Section 338(h)(10) election. **16:7** Prior stock ownership, 21:5 redemptions, 10:23 shareholder-employees, 2 percent, treated as Section 381 applicability, 22:4 partner, 24:12 Tax attributes carryover, generally, 22:4 Sale of interest and redemption, 10:17 Unwanted asset problem Section 267, related parties, loss limitation in generally, 21:6 liquidation, 14:10 nontaxable dispositions, 21:8 Section 303 redemptions, 11:28 taxable dispositions, 21:7 Section 304 attribution rules, 12:3 ASSIGNMENT OF INCOME Section 306 stock, application Liquidation situations reorganization distributions, 18:70 generally, 14:2 termination of interest, 13:18 application after TRA 1986, 14:12 Section 318 redemptions, 10:3 historical development, 14:6 Section 355, 20:30 Transfer of income rights, Section 351 transac-Section 382 application, 22:30 tions, 4:37 Section 2701, 19:17 ASSOCIATION CHARACTERISTICS Taxable year, selection, 1:9 Termination of interest Classification of entity generally, 10:4 generally, 1:2 prior transfer within 10 years, 10:5 prior law, 1:13 Waiver of family attribution ATHLETIC FACILITIES by entity, 10:6 Fringe benefits, 2:7 by individual, 10:5 AT-RISK RULES Section 306 stock holdings, 13:18 Deductibility of losses, 1:7 AUTOMOBILE DEMONSTRATION USE Passive activity loss limitations, 1:8 Working condition fringe, defined, 2:5 S corporation shareholders, 24:17 B REORGANIZATIONS ATTRIBUTION RULES Generally, 18:20 See also index heading FAMILY ATTRIBUTION Acquisition of leased assets, 18:26 Acquisition of loss corporations, 22:30 Assumption of liabilities, 18:25 Brother-sister controlled groups, 23:7 Brother-sister combinations, 21:4 Collapsible corporation stock, **17:11** Control requirement Family attribution of Section 318, 10:3 generally, 18:27 Family discord, preclude use, 10:8 preliminary distributions, 18:28 Liquidation reincorporation, control determinaseries of acquisitions of stock, 18:29 tion, 14:15 Equity structure shift, Section 382, 22:32 Look-through attribution, 22:30 Expenses, payment of, 18:24 Multiple corporations, 23:7 Liquidation effect, 18:31 Options considered exercised, 22:30 Nonvoting stock used, prevent trigger of Section Parent-subsidiary controlled groups, 23:7 6166, 21:4 Personal holding company stock, 9:5 Overlap with C reorganizations, 18:31 Proportionate attribution between corporation and shareholder, 12:3 Related transactions, 18:26 parent-subsidiary rules, 12:8 Rights in stock, 18:23 Qualified stock purchase, Section 338, 16:4 S corporation as acquirer, 21:22 Reattribution, deemed actual ownership Solely for voting stock family attribution of Section 318, 10:3 acquisition of leased assets, 18:26 personal holding company stock, 9:5 assumption of liabilities, 18:25

Redemptions to pay death taxes, 11:28

expenses, payment of, 18:24

B REORGANIZATIONS—Cont'd

Solely for voting stock—Cont'd related transactions, 18:26 rights in stock, 18:23 solely for requirement, 18:22 voting stock defined, 18:21 Spin-off, unrelated to reorganization, 21:8 Triangular transaction, 18:30 Unwanted assets generally, 21:6 nontaxable disposition, 21:8 taxable disposition, 21:7 Voting stock defined, 18:21

BAD DEBT CLASSIFICATION

Ordinary vs. short-term capital loss, 5:15

BAILOUT TRANSACTIONS

Distributions by controlled corporations, devise restriction, overview, 20:9 Earnings and profits of corporations preferred stock distributions, 13:1 stock sale to affiliated corporation, 12:1 Exceptions, Section 306 application generally, 13:17 to 13:22 complete liquidation, 13:19 no tax avoidance, 13:21 nontaxable exchanges, 13:20 termination of interest, 13:18 Reorganizations and 306 stock, 13:7 Stock for security recapitalization generally, 19:8 historical development, 19:5

BANKRUPTCY OR INSOLVENCY

Companies exempt from liability, personal holding company tax, 9:3 Debt preferred to stock interest, 5:2 G reorganizations, 19:20 Loss limitations, special rules, 22:47 Section 382, special rules, 22:47

BASE EROSION AND ANTI-ABUSE TAX

2017 Tax Act, 1:5

BASIS IN PROPERTY

Assets after Section 338 election generally, 16:3 protective carry over basis election, 16:6 Boot, 4:19, 4:27 Carryover basis, 16:6 Incorporation adjustment for gain recognized, 4:27 formation of corporations, 4:1 partnership incorporation, 4:39 transferee corporation, 4:27 Intangible asset disposition, 14:21

BASIS IN PROPERTY—Cont'd

Liquidating distributions generally, 14:5 depreciated property to minority, 15:8 disqualified property, step down, 14:10 historical development, Section 338, 16:2 protective carry over basis election, 16:6 subsidiary to parent liquidation, 15:5 Reorganizations

shareholders or security holders, 18:69 transferee corporation, 18:65

Restructuring transactions

shareholders or security holders, 19:29 transferee corporation, 19:26

S corporations

generally, 24:15

distributions to shareholders, 24:19 economic outlay, required, 24:16 Section 197 intangibles, 14:19

Transferred or substituted, collapsible corporation assets. 17:5

BASIS IN STOCK Adjusted to reflect receipt of boot, 4:1 Adjustments, subsidiary stock, triangular reorganizations, 18:65 Allocated among shares classes of property, reorganization, 18:69 Section 306 stock, **13:12** Allocation among types of property, 4:26 Brother-sister corporation transactions effect of dividend treatment, 12:5 effect of exchange treatment, 12:4 Corporate divisions controlled subsidiary transferee, 20:26 shareholders, 20:34 Deceased shareholder, 1:3 Distributed employer securities, 3:44

Distributed stock, Section 355 transactions, 20:30 Dividends received deduction, 12:5 Exchanges, controlled corporations, 4:26

Formation of corporations, 4:1

Intragroup stock transfers, 12:17 Liquidations under Section 332, 21:3

Parent subsidiary transactions

effect of dividend treatment, 12:10 effect of exchange treatment, 12:9 triangular reorganizations, 18:65

Partnership incorporation, 4:39

Property contributed and no stock received, 4:9

Receivables, net value substituted, 4:38

Reorganizations

shareholders or security holders, 18:69

transferee corporation, 18:65 transferor corporation, 18:63

triangular, parent corporation, 18:65

BASIS IN STOCK—Cont'd	BENEFIT PLAN SELECTION
Restructuring transactions	CONSIDERATIONS—Cont'd
shareholders or security holders, 19:29	Nonqualified plans as a choice
transferee corporation, 19:26	generally, 3:107
transferor corporation, 19:25	advantages, 3:108
S corporations	disadvantages, 3:109
generally, 24:15	situations suggesting use, 3:110
adjusted for distributions, 24:19	Older owners of corporations, 3:106
at-risk rules apply, 24:17	Supplement to qualified plan, 3:110
economic outlay, required, 24:16	Target benefit plans, 3:99
liquidation of corporation, 24:27	Tax deferral, 3:108
passive loss rules apply, 24:18	Tax results uncertain, 3:109
Section 304 transaction	Unsecured benefits, 3:109
adjustment to intragroup stock, 12:17	Vesting delayed to retain employee, 3:108
Section 306 stock	Younger owners of corporations, 3:99
generally, 13:12	
remainder on disposition, 13:13	BEST METHOD RULE
restructuring transactions, 19:30	Section 482, income calculation, 23:16
Section 332 liquidations, 21:3	BONDS
Section 352 inquidations, 21:3	Market discount bonds, pre-1984 TRA treatment
Section 358, generally, 18:69	5:40
Section 1244 stock, corporate restructuring, 5:28	
Small business corporation	BOOK INCOME ADJUSTMENT
capital gains exclusion, 1:4	Alternative minimum tax, 1:5
stock in subsidiary, 1:4	BOOK VALUE
Step up to fair market value, deceased	S corporations, repurchase/redemption agree-
shareholder, 1:3	ments, 24:6
Stock dividends, allocation, 7:16	BOOT
Stock sales between affiliated parties	See also index heading BOOT PROPERTY
effect of dividend treatment, 12:5	Basis, 4:19 , 4:27
effect of exchange treatment, 12:4	Nonqualified preferred stock, 19:6, 20:33
Subsidiary stock, 15:11	Post 10/18/98 transfers, 4:19
Transferor-shareholder, 4:26	Preferred stock, 20:33
Unrealized appreciation, carries over, exchange	Receipt in reorganizations, 18:68
of securities, 3:44	Warrants, 18:68
BAUSCH & LOMB DOCTRINE	,
Abandoned doctrine, 21:5	BOOT PROPERTY
	Asset acquisitions, unwanted assets distributed,
BENEFIT PLAN SELECTION	21:7
CONSIDERATIONS	B reorganizations
Generally, 3:95	expenses of target corporation, 18:24
CODAs, Section 401(k) plans, 3:100	stock with additional features, 18:23
Corporate objectives, 3:96	C reorganizations
Corporate plans vs. Keoghs, 3:97	liabilities assumed, generally, 18:41
Cost, methods to reduce, 3:99	20 percent limitation, 18:43
Defined benefit plans, 3:106	Corporate divisions
Defined contribution plans, 3:98	acquisition within five years, 20:20
Discrimination permitted, 3:108	distributions to shareholders, 20:28
Dual plans, younger owners, 3:99	shareholders receipt of, 20:33
ESOPs	subsidiary assumes liabilities, 20:24
generally, 3:102	Corporate formation, receipt of
capital financing technique, 3:103	generally, 4:15
limitations for close corporations, 3:105	character of recognized gain, 4:16
providing a market for stock, 3:104	depreciation recapture, 4:36
Financial considerations, 3:96	receipt of securities and stock, 4:10

BROTHER-SISTER CORPORATION BOOT PROPERTY—Cont'd Corporate formation, receipt of-Cont'd TRANSACTIONS receipt of securities only, 4:11 Stock sales timing of gain recognition, 4:18 generally, 12:2 Defined. 20:33 generally Distribution of unwanted assets. 21:7 control requirement, 12:3 dividend treatment tests, 12:5 Escrow stock transactions, escrowed dividends, effect on earnings and profits, 12:6 21:16 Liquidating distributions, parties to reorganizaexchange treatment tests, 12:4 tion, 14:9 BUILT-IN GAIN OR LOSS PROPERTY Liquidation reincorporation, service's approach Generally, 22:23 to attack, 21:11 Adjustments for loss limitations Loss not recognized, Section 351, 4:15 increase in limitation amount, 22:44 Partnership incorporation, 4:39 subsequent recognition, 22:45 Reorganization vs. incorporation, 4:40 Conversion to S corporation, 24:22 S corporation as target, 21:22 Limitations on use of built-in gains, 22:51 Section 306 stock application, 13:20 Limitations on use of built-in losses, 22:45 Section 356 Liquidation distributions generally, 18:68 corporate assets to shareholders, 14:11 generally, restructuring transactions, 19:22 Section 336 election, 15:13 Security for security exchange, excess principal subsidiary assets to parent amount, 19:10 generally, 15:5 Stock for security exchange preservation of loss on assets, 15:8 generally, 19:8 Prechange loss treatment, 22:45 historical development, 19:5 S corporations Tax consequences in reorganizations limitations on amount, 24:22 restructuring transactions, 19:22 to 19:27 pre-1987 provisions, 24:23 security holders, generally, 18:66 et seq reorganizations, 21:20 tax imposed on recognized gain, 24:22 shareholders, generally, 18:66 et seq. Section 382, application, 22:45 transferee corporation, 18:65 transferor corporation Section 384, generally, 22:51 Transition rule, small closely held corporations, generally, 18:63 24:22 corporate divisions, 20:24 Unrealized, loss corporations, 22:25 restructuring transactions, 19:24 BURDEN OF PROOF **BOOTSTRAP ACQUISITIONS** Accumulated earnings tax, shifting, 8:6 Redemptions, use **BUSINESS PURPOSE** generally, 10:16 See also index heading TAX AVOIDANCE PURPOSES constructive dividend to buyer, 10:18 Acquisitions of loss corporations disproportionate distributions, 10:19 purposes to avoid application, 22:20 sale of stock and redemption, 10:17 Section 269, scope, 22:17 Section 305 application, 10:19 Acquisitive reorganizations generally, 18:12 BROTHER-SISTER CONTROLLED GROUP liabilities assumed, excessive, 18:41 See also index headings CONTROLLED GROUP; Controlled corporation distributions, 20:6 MULTIPLE CORPORATIONS; PARENT-SUBSIDIARY CON-Defined, Section 355 purposes, 20:6 TROLLED GROUP Income shifting by transfer, 4:37 Component members, defined, 23:8 Natural business year test, S corporations, 24:11 Constructive stock ownership, 23:7 Ownership changes, 22:30 Defined, 23:5 Ownership tax year test, S corporations, 24:11 Dividing multiple benefits, 23:9 Principal purpose, tax avoidance, acquisition of Excluded stock, Section 1561, 23:6 control of target, 22:18 Reorganizations involving, 21:4 S corporations Restrictions on use, generally, 23:4 contributions of loss property, 24:22

BUSINESS PURPOSE—Cont'd	C CORPORATIONS—Cont'd
S corporations—Cont'd	Personal service corporation, defined, 1:8
permissible tax year, tests, 24:11	Prior law, taxation of corporations, 1:3
shareholder eligibility, 24:4	Qualified C corporation, 1:7
Section 303 redemption planning	Retain earnings, motivation to, 8:1
contributions of stock, 11:30	S termination year, S corporation election, 24:10
transfer property to corporation, 11:27	Small business corporation, capital gains exclu-
Section 355 requirements	sion, 1:4
generally, 20:6	Subchapter C earnings and profits
overlap with devise restriction, 20:8	distributions by S corporations, 24:19
Taxable year rules	S corporation limitations, 24:9
exception, 1:9	Tax rates, 1:3
S corporations, 24:11	Taxable year, selection of, 1:9
BUY-SELL AGREEMENTS	Transferability of interests, 1:2
Alternative minimum tax, effect on structuring	C REORGANIZATIONS
agreement, 11:22	Generally, 18:32 to 18:46
Life insurance, funding of 303 redemption, 11:22	Assumption of liabilities, 18:41
Section 302 redemptions	Bausch & Lomb doctrine, 21:5
generally, 10:16	Boot property, 18:43
constructive dividend to buyer, 10:18	Consideration permitted
disproportionate distributions, 10:19	generally, 18:39
S corporations, 10:23	assumption of liabilities, 18:41
sale of stock and redemption, 10:17 Section 305 application, 10:19	boot property limitation, 18:43
Section 303 redemptions, tax consequences to	expenses of reorganization, 18:42 voting stock requirement, 18:40
shareholder, 11:20	Equity structure shift, Section 382, 22:32
	Expenses of reorganization, 18:42
C CORPORATIONS	Liquidation requirement, 18:45
Accrual method required, 1:10	Nature of assets retained, 18:34
Advantages and disadvantages of, 1:12	Overlap with other provisions, 18:46
Agent of shareholders, factors, 1:15	Prior stock ownership, 21:5
Allocation of income and deductions, S termina-	Retain assets for liabilities, 18:35
tion year, 24:10	Spin-off unrelated to reorganization, 21:8
Alternative minimum tax liability, 1:5 At-risk rules, 1:7	Substantially all properties
Capital gains exclusion, 1:4	generally, 18:32 to 18:46
Centralized management, 1:2	illustrative examples, 18:38
Choice of entity considerations, 1:1	nature of assets retained, 18:34
Classification of entity	retention for liabilities, 18:35
generally, 1:14	timing of determination, 18:37
prior law, 1:13	total assets vs. net assets, 18:36
Conversion to a RIC or REIT, 15:12	Tax-free restructuring, subsidiaries, 19:26
Conversion to another entity, 1:12	Timing of determination, 18:37
Conversion to S corporation	Total assets vs. net assets, 18:36
LIFO recapture requirement, 21:21	Triangular transactions, 18:44
tax effects, generally, 24:21 to 24:25	Unwanted assets
Deemed sale treatment, 15:12	generally, 21:6
Formation, tax aspects, 4:1	nontaxable disposition, 21:8
Inventory method used, subchapter S election,	taxable disposition, 21:7
24:25	Voting stock requirement, 18:40
Limited liability characteristic, 1:2	Waiver of liquidation requirement, 18:45
Loans, 24:12	CAFETERIA PLANS
Losses, deductibility, 1:6	Generally, 2:46 to 2:50
Overview of tax attributes, 1:1	Defined, 2:47
Perpetual life of entity, 1:2	Elections, 2:46

CAFETERIA PLANS—Cont'd

Highly compensated participant, defined, **2:48** Mid-year elections, **2:46** Nondiscrimination requirements, **2:48** Reporting requirements, **2:50**

Simple cafeteria plans for small businesses, **2:49** Tax consequences, **2:47**

CANCELLATION OF INDEBTEDNESS INCOME

Loss limitations, special rule, **22:47**Recapitalizations, security issuances, **19:16**Section 382, election out rules, **22:47**

CAPITAL ASSETS

Corporate shareholder losses
generally, **5:16**historical development, **19:5**stock for securities recapitalization, **19:8**Security for security exchange, excess principal amount, **19:10**Security or debt, nature of losses, **5:14**Stock, nature of losses, **5:13**Stock upon liquidation, **14:2**

CAPITAL CONTRIBUTIONS

Debt reclassified as, **5:10**Loss corporations, Section 382, value determination rules, **22:40**

Parent-subsidiary transactions, **12:10** S corporations, taxation of distributions, **24:19** Section 1244 treatment, restricted, **5:22**

CAPITAL GAINS

Empowerment zone stock, exclusions, **1:4**Exclusion for business interests, **1:4**Holding periods, **1:3**Look-through rule, **1:3**Net capital gain. See index heading NET CAPITAL

Net capital gain. See index heading NET CAPITAL GAIN

Preferred stock bailouts, 11:22 Prior law, sale or redemption, 1:3 Real property rate, 1:3

Section 1045, **1:4**

Small business corporation stock, 1:4

Small business stock 50% gain exclusion, **1:3**

gain rollover, 1:4

Tax rates, 1:3

CAPITAL LOSSES

Accumulated earnings tax, adjustments to taxable income, 8:22

Carryovers, Section 383 application, **22:50** Stock at liquidation, **14:2**

CAPITAL RECEIPTS

Limitation, Section 1244 treatment generally, **5:24** pre-11/7/78 stock, **5:25**

CAPITAL STRUCTURE

Generally, **5:1 to 5:42**

Changes with related parties, 19:17

Debt as equity, reclassification, 5:3

Debt issues, advantages over stock, 5:2

Planning considerations

C corporations, 5:32

S corporations, 5:33

Recapitalizations

generally, 19:3

security for security exchange, 19:9 to 19:16

Reclassification of interest held. 5:3

Reorganizations

modification of capital structure, 19:18

type F overlap with type E, 19:2

Section 306 stock, **13:6 to 13:8**

Section 2701, 19:17

Stock as debt, reclassification, 5:3

CAPITALIZATION

Choice of entity considerations, raising outside capital, 1:2

CARRYBACKS

See index headings net operating losses; section 381; tax attributes

CARRYOVERS

See index headings net operating losses; section 381; tax attributes

CASH METHOD OF ACCOUNTING

Expanding number of businesses allowed to use cash method, **1:10**

Section 448 restrictions on use, 1:10

CASH OR DEFERRED ARRANGEMENTS (CODAs)

See also index heading qualified pension and Profit sharing plans

Election in connection with SEPs, 3:55

Selection considerations, 3:100

CENTRALIZED MANAGEMENT

Classification of entity generally, 1:14 prior law, 1:13

CHARITABLE CONTRIBUTIONS

Accumulated earnings tax, adjustments to taxable income, 8:22

Personal holding company tax base, adjustments to taxable income. 9:20

Tax attributes carryover, acquirer, 22:14

CHOICE OF ENTITY	COLLAPSIBLE CORPORATIONS—Cont'd
Generally, 1:1 to 1:16	Defined—Cont'd
Alternative minimum income tax, 1:5	activities of corporation, 17:5
At-risk rules, 1:7	formed or availed of, 17:4
Business considerations, 1:2	view to collapse corporation, 17:7
Business income, taxation of, 1:3	Exceptions to application
Characteristics of entities, 1:2	generally, 17:11
Classification of the entity	consent election by corporation, 17:13 nondealers, 17:12
check-the-box regulations, 1:14	Jobs and Growth Tax Relief Reconciliation Act,
prior law, 1:13 Considerations in choice, 1:12	17:1
Deductibility of losses, 1:6	Presumption of collapsibility, 17:10
Dissolution, shareholder's liability for taxes, 1:16	
Fringe benefits, 1:11	COLLECTIBLES
Investors, attracting, 1:2	Capital gains rates exclusion, 1:3
Limited liability companies, 1:1	COMMON STOCK
LLCs, sole proprietorships, 1:14	Definitional attributes, 13:4
Nontax considerations, 1:3	COMMUTER EXPENSES
Passive activity loss limitations, 1:8	Transportation expenses, 2:8, 23:2
Qualified plans, 1:11	
Recognition of the corporate entity, 1:15	COMPENSATION
Restricted use of accounting methods, 1:10	See also index heading deferred compensation
Sales or exchanges of interests, look-through	Deductibility to employer
rule, 1:3	generally, 3:34
Shareholder's liability for taxes, 1:16 Taxable year, selection, 1:9	contributions to nonqualified plans, 3:92 contributions to qualified plans, 3:35
	Excessive compensation. See index heading
CLASSES OF STOCK	EXCESSIVE COMPENSATION EXCESSIVE COMPENSATION
Control determination, Section 304, 12:3	Highly compensated individuals. See index head-
S corporation requirements, 24:6	ing highly compensated individuals
CLEAR REFLECTION OF INCOME	S corporation shareholder employees, fringe
DOCTRINE	benefits, 24:12
Transfer of income rights, Section 351 transac-	S corporations, reasonable
tions, 4:37	employment taxes, 24:31
CODAs	services by family member, 24:20
See index heading CASH OR DEFERRED ARRANGE-	Services contributed for stock, 4:4
MENTS	Unreasonable compensation allocated to current and deferred, 3:34
COLAs	constructive dividends, 6:11
Distributions, early distributions, 3:48	,
COLLAPSIBLE CORPORATIONS	CONSENT DIVIDENDS
Generally, 17:1 to 17:13	Accumulated earnings tax, dividends paid deduc-
Assets constructed, tainted	tion, 8:23
generally, 17:5	Personal holding company income, determination
purchased assets, 17:6	of tax base, 9:22
subsection (e) assets, 17:12	CONSIDERATION
subsection (f) assets, 17:13	A reorganizations, 18:15
value of assets, 17:10	Asset acquisition, liabilities reflected in price,
Attribution rules applicable, 17:11	22:12
Basis, transferred or substituted, 17:5	Assumption of liabilities, 4:19
Collapsible corporations, overview, historical	B reorganizations, 18:21
development, 17:2	C reorganizations
Corporate taxable income realization, 17:8	generally, 18:39
Defined	boot property limitations, 18:43
generally, 17:3	liabilities disregarded, 18:41

CONSIDERATION—Cont'd

Contingent or deferred generally, 21:14 escrow transactions, 21:16 rights to additional stock, 21:15 Reverse triangular A merger, 18:58 Triangular A merger, 18:51

CONSOLIDATED RETURNS

Deferred intercompany transactions, 12:17 Intangible assets, basis determination, 14:22 Mirror subsidiary transactions generally, 12:17 liquidation of subsidiary, 15:11 regulatory authority of IRS, 15:12 Nonrecognition transfers, intangible asset basis, 14:22 S corporations, 24:5 Section 382, overlapping coverage, effect, 22:49 Selling consolidated group, Section 338(h)(10) election, 16:7 Separate return limitation year, 22:21

CONSOLIDATIONS

See index headings a REORGANIZATIONS; REORGANIZATIONS

Tax attributes, limited carryover, 22:21

CONSTRUCTIVE DISTRIBUTIONS

Generally, 6:8 Advances to shareholders, 6:10 Antidilution provisions, 7:14 Bargain sales or rentals, 6:9 Convertible preferred stock generally, 7:13 recapitalization issuances, 7:15 Excessive compensation, 6:11 Increase in proportionate interest, 7:14 Redemption premiums generally, 7:11 recapitalization issuances, 7:12 Taxable distributions, 7:17 Transactions characterized as, 6:12

CONSTRUCTIVE DIVIDENDS

Generally, 6:8 Advances to shareholders, 6:10 Bargain sales or rentals, 6:9 Bootstrap acquisitions, 10:18 Buy sell agreements, 10:18 Excessive compensation, 6:11 Payments for hobbies, 6:12 Shareholder's legal fees, 6:12 Transactions characterized as, 6:12 Transfer of stock, stock for debt, 12:5

CONSTRUCTIVE OWNERSHIP

Application under Section 304, 12:4

CONSTRUCTIVE OWNERSHIP—Cont'd

Brother-sister controlled groups, 23:7 Collapsible corporation stock, 17:11 Highly compensated individuals, health care coverage, nondiscrimination, 2:25 Multiple corporations, 23:7 Parent-subsidiary controlled groups, 23:7 Parent-subsidiary transactions, 12:9 to 12:11 Proportionate attribution, 12:3 S corporation shareholder employees, 2 percent, treated as partner, 24:12 Section 304 attribution rules generally, 12:3 application examples, 12:4

parent-subsidiary rules, 12:8

Section 306 stock application, termination of interest, 13:18

Section 318 attribution rules, redemptions under Section 302, 10:3 Section 382 application, 22:30 Taxable year, selection, 1:9

CONTINUITY OF BUSINESS ENTERPRISE

Generally, 18:11

C reorganizations, retention of assets in target, 18:35

Choice of entity considerations, 1:2

Classification of entity

generally, 1:14 prior law, 1:13

Libson Shop doctrine, 22:52 Loss limitations, Section 382, 22:24

New loss corporation, 22:46

Reorganizations, qualified group of corporations, 18:11

CONTINUITY OF INTEREST

Generally, 18:4

A reorganizations, dissenting shareholders, 18:17

C reorganizations

liabilities assumed, excessive, 18:41 retention of assets in target, 18:35

Corporate divisions, 20:7

Debt securities issued, restructuring transactions, 19:4

Duration of interest, 18:8 Qualitative test for equity, 18:5 Quantitative test for equity, 18:6 Recapitalizations, applicability, 19:4 Remote continuity doctrine generally, 18:7 A reorganizations, 18:18 statutory expansion, 18:10 Reorganizations, 1998 regulations, 18:9 Section 355 distributions, 20:7

Securities defined, 18:67 Triangular A mergers, 18:51

CONTROL CONTROLLED CORPORATIONS—Cont'd Tax consequences—Cont'd Acquisitions of loss corporations distributing corporation, 20:28, 20:31 generally, 22:16 shareholders, 20:32 to 20:34 transactions qualifying, 22:18 transferee corporation, 20:26, 20:27 Brother-sister corporations, 12:3 transferor corporation, 20:22 to 20:25 D reorganizations, nondivisive, 19:2 Transfers, Section 351, 4:5 Holding companies, Section 304, 12:14 True taxable income calculation, 23:16 Liquidation reincorporation generally, 21:11 CONTROLLED GROUP complete liquidations, 14:15 See also index headings Brother-sister connondivisive D characterization, 21:12 TROLLED GROUP; MULTIPLE CORPORATIONS; PARENT-Ownership changes SUBSIDIARY CONTROLLED GROUP defined, 22:26 Component members, defined, 23:8 option application, 22:30 Disposition of intangible assets, 14:21 Parent subsidiary transactions, 12:8 Dividing multiple benefits, 23:9 Reorganization vs. incorporation, aggregate stock Intangible asset disposition, 14:21 in certain cases, **4:40** Multiple benefits restricted, 23:5 Reorganizations, stock for stock, 18:20 Section 269 use by service, 23:11 Section 269, denial of NOLs Section 482 use by service, 23:11 generally, 22:16 CONVERTIBLE STOCK OR SECURITIES transactions qualifying, 22:18 Attribution rules Section 304 determination personal holding company stock, 9:5 brother-sister rules, 12:3 redemptions under Section 302, 10:3 parent-subsidiary rules, 12:8 Deemed distributions, 7:7 Section 351, formation of a corporation Disproportionate distributions avoidance of provision, 4:33 generally, 7:9 definition, 4:23 convertible preferred stock, 7:13 group of transferors, receipt of stock, 4:11 recapitalization issuances, 7:15 immediately after exchange, 4:24 Distributions on preferred stock, 7:10 services contributed for stock. 4:4 Equity in reorganizations, 18:5 subsequent sale of stock, 4:24 Increase in proportionate interest, constructive transferors treated as a group, 4:6 distribution, 7:14 transfers of property, defined, 4:3 Ownership changes, option treatment, 22:30 Section 355 divisions, 20:3 Qualification as stock, B reorganizations, 18:21 **CONTROL TEST** Small business corporation stock, capital gains Ownership changes, 22:30 exclusion, 1:4 Stock dividends CONTROLLED CORPORATIONS adjustment in ratio or price, 7:7 See also index headings CONTROLLED GROUP; distributions on preferred stock, 7:10 CORPORATE DIVISIONS; D REORGANIZATIONS exception to nontaxability, 7:3 Assets purchased from shareholders, 4:31 Taxability, recapitalizations, open transaction, Best Method Rule, 23:16 1:14, 19:6 Deemed purchases, Section 355(d), 20:29 **CORPORATE ATTRIBUTES** Disposition of intangible assets, 14:21 Income calculation, 23:16 Generally, 1:13 Intangible asset disposition, 14:21 Nontax considerations, 1:2 Tax considerations. See index heading TAX ATTRI-Regulations, 23:16 Restrictions on use, overview, 23:4 Section 355 distributions CORPORATE DIVISIONS active business requirement, 20:14 to 20:21 Generally, 20:1 to 20:36 business purpose for creation, 20:6 Active business requirement continuity of interest, 20:7 generally, 20:14 to 20:21 devise restriction, 20:9 to 20:13 five-year history generally, 20:20 Tax consequences disqualified distributions, 20:29 acquisitions from affiliates, 20:21

CORPORATE DIVISIONS—Cont'd	CORPORATE EQUITY REDUCTION
Active business requirement—Cont'd	TRANSACTION (CERT)
horizontal divisions, 20:16	Generally, 22:53
independent contractors used, 20:19	CORPORATE INCOME TAXES
investment property, nonbusiness, 20:17	Accumulated earnings tax, adjustments to taxable
owner-occupied real estate, 20:18	income, 8:22
vertical divisions, 20:15	Rate of tax
Control requirement, 20:30	generally, 23:9
Devise test, 20:8 to 20:13	choice of entity considerations, 1:3
Disqualified distributions	·
generally, 20:29	CORPORATIONS
examples of devise clause, 20:12	See also index headings c corporations;
factors evidencing devise, 20:10	INCORPORATION; S CORPORATIONS
factors not evidencing devise, 20:11	Accumulated earnings tax, 8:1 to 8:24
overview of regulations, 20:9	Accumulation of earnings and profits, permitted amount, 8:23
transactions lacking tax avoidance, 20:13	Agent of shareholders, factors, 1:15
Expansion activities prior to split	Appreciated property distributed, 4:25
generally, 20:20	Appreciated property distributed, 4.2 5 Attribution rules
acquisitions from affiliates, 20:21	personal holding company stock, 9:5
Nonstatutory requirements	redemptions under Section 302, 10:3
business purpose, 20:6	Basis
continuity of interest, 20:7 Spin-off transactions	parent subsidiary transactions, 12:10
*	property at formation
generally, 20:1 business purpose examples, 20:6	generally, 4:1
taxable acquisitions, after, 20:21	increase by selling assets, 4:32
unwanted assets situation, 21:8	transferee adjustments, 4:27
Split-off transactions	transferor basis in stock, 4:26
generally, 20:1	Below-market loans, related parties, 5:41
vertical divisions, 20:15	Business needs, credit for retained earnings, 8:4
Split-up transactions, 20:1	Business purpose, Section 355, 20:6
Statutory requirements	Capital gains tax rate, 1:3
generally, 20:2	Check-the-box regulations, 1:14
controlled subsidiary, 20:3	Collapsible corporations. See index heading COL-
distribution of eighty percent, 20:5	LAPSIBLE CORPORATIONS
stock and securities distributed, 20:4	Compensation to employees, reasonableness,
Tax consequences	3:34
generally, 20:22 to 20:34	Consolidated returns, overview, 22:21
boot property receipt, 20:33	Constructive dividends, 6:8 to 6:12
distributor, to shareholders, 20:28	Continuing investment in property, 4:10
recapture, investment tax credit, 20:25	Corporate acquisitions, nontaxable distributions, 4:25
S corporations, 20:36	Deductible expenses, liquidation, fees allocable
Section 306 stock distribution, 20:35	to, 14:14
shareholders	Disregarded for tax purposes, 1:15
generally, 20:32	Distribution of appreciated property
generally, basis and holding period, 20:34	effect on earnings and profits, 6:18
subsidiary assumes liabilities, 20:24	gain recognition to corporation, 6:16
subsidiary transferee, generally, 20:26	historical development, 6:15
tax attributes, limited carryover	liquidation of subsidiary, 15:8
generally, 20:27	liquidation reincorporation, 21:9
transaction not a D reorganization, 20:31	redemptions to pay death taxes, 11:8
transfers to controlled subsidiary, 20:23	reorganization, acquirer, 18:65
Taxability of division, nonqualified property,	restructures, transferee, 19:26
20:30	retained by target, 18:34
Unwanted assets situation, 21:8	S corporations, effect, 24:22

Taxable incorporations, **4:31**

Transferee, tax effect of exchange of stock, 4:25

CORPORATIONS—Cont'd CORPORATIONS—Cont'd Distribution of appreciated property—Cont'd Unreasonable compensation, allocated to current and deferred, 3:34 shareholders taxed on value, 6:17 Distribution of own obligations Voting rights, prohibited interest, waived attribution rules, 10:5 generally, 6:19 Waiver of family attribution rules, 10:6 effect on earnings and profits, 6:18 Distribution of stock COVENANTS NOT TO COMPETE stock dividends, nontaxable, 7:3 Amortization, indirect acquisition, 14:20 taxable stock dividends, 7:17 Intangible assets, Section 197, 14:19 Dividends received deduction, intercorporate, **CREDITORS** percentage allowed, 6:13 Indebtedness transferred for stock, 4:3 Divisions. See index heading CORPORATE DIVISIONS Personal assets of shareholders, 1:2 Earnings and profits, Section 304 transactions, 12:5 Shareholder creditors. See index heading Financially distressed corporations. See index SHAREHOLDER CREDITORS heading Financially distressed corporations Transferors receiving securities, 4:10 Foreign corporations. See index heading FOREIGN **CUSTOMER LISTS** CORPORATIONS Intangible assets, defined, 14:20 Formation, tax aspects, 4:1 High-yield discount obligations, exception to **D REORGANIZATIONS** deductibility, 19:16 See also index headings corporate divisions; sec-Holding period, transferred property, 4:29 **TION 355** Items of income and deduction, characterization, Generally, 19:2 S corporations, 24:14 Control requirement, 50% for Section 355, 20:30 Legal obligation of shareholders, satisfied by Divisive transactions corporation, 6:8 generally, 20:1 Loans to shareholders, tax avoidance factor, 8:5 earnings and profits, allocation, 20:27 Loss corporations. See index heading Loss recapture, investment tax credit, 20:25 CORPORATIONS statutory requirements, generally, 20:2 Misuse of corporate form, 17:5 subsidiary assumes liabilities, 20:24 Original issue discount, applicability to issuer, subsidiary transferee, tax results, 20:26 19:16 tax consequences, generally, 20:22 Partner transacting with partnership, 15:12 transfers to controlled subsidiary, 20:23 Policy of nonrecognition, formation, 4:10 Liquidation reincorporation Purpose of corporation, collapsible corporations, classification, history, 21:10 17:5 service's approach to attack, 21:12 Reasonable compensation, independent-investor Nondivisive transactions test, 3:34 generally, 19:2 Redemptions under Section 302, 10:1 to 10:23 equity structure shift, 22:32 Related corporations. See index heading RELATED liquidation reincorporation, 21:12 CORPORATIONS party to reorganization, 19:23 Sale of corporations. See index heading SALE OF CORPORATIONS **DEALER IN SECURITIES** Security for security exchanges, excess principal Stock not a capital asset, 5:12 amount treatment, 19:16 **DEATH TAXES** Separate return limitation year rules, 22:21 See index headings redemptions; section 303 Small C corporations, exemption from alternative minimum tax, 1:5 **DEBT** Target corporations. See index heading TARGET Accumulation of earnings purpose, 8:11 CORPORATIONS Acquisition indebtedness, Section 304 exception, Tax rates, 1:3 12:15 Taxable income, determination of E&P, 6:5 to Advantages over stock, **5:2** 6:6 Authority to reclassify, 5:4 Taxable income realization, collapsible corpora-Bad debt rules, 5:15 tions, 17:8

Boot characterization

generally, 4:17

Boot characterization—Con'd timing of gain recognition, 4:18 C corporation vs. S corporation, 5:2 Cash equivalents, 4:13 Characterization of interest, 5:4 Corporate interest redeemed for, waived attribution rules, 10:5 Debt equity ratio. See index heading DEBT EQUITY RATIO Debt financed stock. See index heading DEBT EQUITY RATIO Debt financed stock. See index heading DEBT FINANCED STOCK Equity investment, recharacterized, 4:33 Estate tax freezes, use of long term debt, 12:13 Installment notes, redemptions to pay death taxes, 11:7 Instruments in reorganization, 18:67 Instruments in reorganization, 18:67 Instruments not publicly traded, OID rules apply, 19:14 Intercorporate, in liquidation insolvent subsidiary, 15:10 subsidiary into parent, 15:9 Interest as stock or indebtedness factors considered by courts, 5:5 factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading Nonrecourse debt. See index head	DEBT—Cont'd	DEBT—Cont'd
C corporation vs. S corporation, 5:2 Cash equivalents, 4:13 Characterization of interest, 5:4 Corporate interest redeemed for, waived attribution rules, 10:5 Debt equity ratio. See index heading DEBT EQUITY RATIO Pobt financed stock. See index heading DEBT FINANCED STOCK Equity investment, recharacterized, 4:33 Estate tax freezes, use of long term debt, 12:13 Installment notes, redemptions to pay death taxes, 11:7 Installment sale treatment, 4:17 Instruments in reorganization, 18:67 Instruments in reorganization, 18:67 Instruments not publicly traded, OID rules apply, 19:14 Intercorporate, in liquidation insolvent subsidiary, 15:10 subsidiary into parent, 15:9 Interest as stock or indebtedness factors considered by courts, 5:5 factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading NONRECOURSE DEBT Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 Transferred in corporate largely accelelation of indebtedness income, 19:3 security issuances, 19:16 Recapitalizations, generally caccellation of indebtedness security issuances, 19:16 DEBT FINANCED STOCK Acquisition indebtedness, section 304 exception, 12:15 prividends received deduction, restrictions, 6:14 Passive loss rules, 5:33 Reorganizations, tax consequences of securities, 18:65 DEBT OR EQUITY RATION Generally, 5:3 Capital structure considerations C couporations, 5:32 S corporations, 5:32 S corporations, 5:32 S asset		
Cash equivalents, 4:13 Characterization of interest, 5:4 Corporate interest redeemed for, waived attribution rules, 10:5 Debt equity ratio. See index heading DEBT EQUITY RATIO Debt financed stock. See index heading DEBT FINANCED STOCK Equity investment, recharacterized, 4:33 Estate tax freezes, use of long term debt, 12:13 Installment notes, redemptions to pay death taxes, 11:7 Instruments in reorganization, 18:67 Instruments not publicly traded, OID rules apply, 19:14 Intercorporate, in liquidation insolvent subsidiary, 15:10 subsidiary into parent, 15:9 Interest as stock or indebtedness factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading NONRE-COURSE DEBT Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subsordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26		
Characterization of interest, 5:4 Corporate interest redeemed for, waived attribution rules, 10:5 Debt equity ratio. See index heading DEBT FOUTTY RATIO Debt financed stock. See index heading DEBT FOUTTY RATIO Debt financed stock. See index heading DEBT FOUTTY RATIO Debt financed stock. See index heading DEBT FOUTTY RATIO Debt financed stock. See index heading DEBT FOUTTY RATIO Debt financed stock. See index heading DEBT FOUTTY RATIO Debt financed stock. See index heading DEBT FOUTTY RATIO Debt financed stock. See index heading DEBT FOUTTY RATIO Debt financed stock. See index heading DEBT FOUTTY RATIO Debt financed stock. See index heading DEBT FOUTTY RATIO Debt financed stock. See index heading DEBT FOUTTY RATIO Debt financed stock. See index heading DEBT FOUTTY RATIO Debt financed stock. See index heading DEBT FOUTTY CLASSIFICATION Instruments not publicly traded, OID rules apply, 19:14 Intercorporate, in liquidation insolvent subsidiary, 15:10 Subsidiary into parent, 15:9 Interest as stock or indebtedness factors considered by courts, 5:5 factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally cancellation of indebtedness, Section 304 exception, 12:15 Dividends received deduction, restrictions, 6:14 Passive loss rules, 5:13 Ceorporations, 5:33 Reorganizations, kax consequences of securities, 18:65 DEBT FINANCED STOCK Acquisition indebtedness, Section 304 exception, 12:15 Dividends received deduction, restrictions, 6:14 Passive loss rules, 5:13 Ceorporations, 5:33 Reorganizations, kax consequences of securities, 18:65 DEBT GRUTTY CLASSIFICATION Generally, 5:3 Capital structure considerations C corporations, 5:33 Debt to equity ratio, 5:9 Factors considered by courts, 5:9 Factors considered by courts, 5:9 Factors considered by Service, 5:11 creditor behavior, 5:11 proportionalty of equity to debt, 5:7 repayment expectation, 5:10 Installment notes, redemptions to pay death taxes, 11:7 Intercorporate		•
Corporate interest redeemed for, waived attribution rules, 10:5 Debt equity ratio. See index heading DEBT EQUITY RATIO Debt financed stock. See index heading DEBT EDUTY RATIO Debt financed stock. See index heading DEBT EDUTY RATIO Debt financed stock. See index heading DEBT EDUTY RATIO Debt financed stock. See index heading DEBT EDUTY RATIO Det financed stock. See index heading DEBT EDUTY RATIO Det financed stock. See index heading DEBT EDUTY RATIO Estate tax freezes, use of long term debt, 12:13 Installment notes, redemptions to pay death taxes, 11:7 Instruments in reorganization, 18:67 Instruments not publicly traded, OID rules apply, 19:14 Intercorporate, in liquidation insolvent subsidiary, 15:10 subsidiary into parent, 15:9 Interest as stock or indebtedness factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading Nonre-COURSE DEBT Passive loss rules, 5:13 Interest as stock or indebtedness accurity insurations, generally 2:16 DEBT FINANCED STOCK Acquisition indebtedness, Section 304 exception, 12:15 Dividends received deduction, restrictions, 6:14 Passive loss rules, 5:33 Reorganizations, tax consequences of securities, 18:65 DEBT OR EQUITY CLASSIFICATION Generally, 5:3 Capital structure considerations. C corporations, 5:32 S corporations, 5:33 Debt to equity ratio, 5:9 Factors considered by courts, 5:10 asset park at axes, 19:16 DEBT FINANCED STOCK Acquisition indebtedness, Section 304 exception, 12:15 Dividends received deduction, restrictions, 5:16 accorporations, straight accorporate level, 5:33 Reorganizations, tax consequences of securities, 18:65 DEBT OR EQUITY CLASSIFICATION Generally, 5:3 Capital structure considered by courts, 5:16 and corporate level, 5:33 Market discount rules, 19:15		
Debt equity ratio. See index heading DEBT EQUITY RATIO Debt financed stock. See index heading DEBT FINANCED STOCK Equity investment, recharacterized, 4:33 Estate tax freezes, use of long term debt, 12:13 Installment notes, redemptions to pay death taxes, 11:7 Instruments in reorganization, 18:67 Instruments in reorganization, 18:67 Instruments not publicly traded, OID rules apply, 19:14 Intercorporate, in liquidation insolvent subsidiary, 15:10 subsidiary into parent, 15:9 Interest as stock or indebtedness factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading NONRE-COURSE DEBT Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 DEBT FINANCED STOCK Acquisition indebtedness, Section 304 exception, 12:15 Dividends received deduction, restrictions, 6:14 Passive loss rules, 5:33 Reorganizations, tax consequences of securities, 18:65 DEBT FINANCED STOCK Acquisition indebtedness, Section 304 exception, 12:15 Dividends received deduction, restrictions, 6:14 Passive loss rules, 5:33 Reorganizations, tax consequences of securities, 18:65 DEBT FINANCED STOCK Acquisition indebtedness, Section 304 exception, 12:15 Dividends received deduction, restrictions, 5:10 Passive loss rules, 5:33 Reorganizations, dav consequences of securities, 18:65 DED OETION Security CLASSIFICATION Generally, 5:5 assets purchased, 5:11 reditor behavior, 5:11 reditor behavior, 5:11 proportionality of	Corporate interest redeemed for, waived attribu-	cancellation of indebtedness income, 19:3
Debt financed stock. See index heading DEBT FINANCED STOCK Equity investment, recharacterized, 4:33 Estate tax freezes, use of long term debt, 12:13 Installment notes, redemptions to pay death taxes, 11:7 Instruments in reorganization, 18:67 Instruments in reorganization, 18:67 Instruments not publicly traded, OID rules apply, 19:14 Intercorporate, in liquidation insolvent subsidiary, 15:10 subsidiary into parent, 15:9 Interest as stock or indebtedness factors considered by courts, 5:5 factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading Nonrecourse debt. See index heading Nonrecourse debt. See index heading nonrecourse level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:24 Section 1244 stock issuances, 5:26 DEBT FINANCED STOCK Acqusition indebtedness, Section 304 exception, 12:15 Dividends received deduction, restrictions, 6:14 Passive loss rules, 5:33 Reorganizations, sax consequences of securities, 18:65 DEBT FINANCED STOCK Acquisition indebtedness, section 304 exception, 12:15 Dividends received deduction, restrictions, 6:14 Passive loss rules, 5:34 Reorganizations, sax consequences of securities, 18:65 DEBT OR EQUITY CLASSIFICATION Generally, 5:2 S corporations, 5:32 S assets purchased, 5:11 formal indicia of debt, 5:6 nonpro-rata holding of interests, 5:7 pay out term reasonable, 5:11 proportionality of equity to debt, 5:7 repayment expectation, 5:10 Installment notes, redemptions, 6:14 Passive los		security issuances, 19:16
Debt financed stock. See index heading DEBT FINANCED STOCK Equity investment, recharacterized, 4:33 Estate tax freezes, use of long term debt, 12:13 Installment notes, redemptions to pay death taxes, 11:7 Installment sale treatment, 4:17 Instruments in reorganization, 18:67 Instruments not publicly traded, OID rules apply, 19:14 Intercorporate, in liquidation insolvent subsidiary, 15:10 subsidiary into parent, 15:9 Interest as stock or indebtedness factors considered by courts, 5:5 factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading servares; Section 303 redemptions to pay death taxes, 11:7 Instruments in reorganizations, 18:67 DEBT OR EQUITY CLASSIFICATION Generally, 5:3 Capital structure considerations Corporations, 5:33 Debt to equity ratio, 5:9 Factors considered by Courts generally, 5:15 assets purchased, 5:11 formal indicia of debt, 5:6 nonpro-rata holding of interests, 5:7 pay out term reasonable, 5:11 proportionality of equity to debt, 5:7 repayment expectation, 5:10 security of interest, 5:8 thin capitalization, 5:9 Factors considered by Service, 5:4 Insolvent subsidiary liquidation, 15:10 Installment notes, redemptions to pay death taxes, 11:7 Instruments in reorganizations, stock for debt, 5:6 nonpro		DEBT FINANCED STOCK
Estate tax freezes, use of long term debt, 12:13 Installment notes, redemptions to pay death taxes, 11:7 Installment sale treatment, 4:17 Instruments in reorganization, 18:67 Instruments not publicly traded, OID rules apply, 19:14 Intercorporate, in liquidation insolvent subsidiary, 15:10 subsidiary into parent, 15:9 Interest as stock or indebtedness factors considered by courts, 5:5 factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading Nonrecourse debt. See index heading Nonrecourse debt see index heading shareholders, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 1244 stock issuances, 5:26		Acquisition indebtedness, Section 304 exception,
Installment notes, redemptions to pay death taxes, 11:7 Instruments ale treatment, 4:17 Instruments in reorganization, 18:67 Instruments in reorganization, 18:67 Instruments in reorganization, 18:67 Instruments in ropublicly traded, OID rules apply, 19:14 Intercorporate, in liquidation insolvent subsidiary, 15:10 subsidiary into parent, 15:9 Interest as stock or indebtedness factors considered by Courts, 5:5 factors considered by Courts, 5:5 factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading Nonrecourse	Equity investment, recharacterized, 4:33	Dividends received deduction, restrictions, 6:14
Installment sale treatment, 4:17 Instruments in reorganization, 18:67 Instruments not publicly traded, OID rules apply, 19:14 Intercorporate, in liquidation insolvent subsidiary, 15:10 subsidiary into parent, 15:9 Interest as stock or indebtedness factors considered by courts, 5:5 factors considered by courts, 5:5 factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading Nonrecourse debt. See index heading Nonrelevel, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 1244 stock issuances, 5:26		Passive loss rules, 5:33
Instruments in reorganization, 18:67 Instruments not publicly traded, OID rules apply, 19:14 Intercorporate, in liquidation insolvent subsidiary, 15:10 subsidiary into parent, 15:9 Interest as stock or indebtedness factors considered by courts, 5:5 factors considered by courts, 5:5 factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading nonrecourse level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 Scorporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26	11:7	
Instruments not publicly traded, OID rules apply, 19:14 Intercorporate, in liquidation insolvent subsidiary, 15:10 subsidiary into parent, 15:9 Interest as stock or indebtedness factors considered by courts, 5:5 factors considered by courts, 5:5 factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading Nonrecourse debt. See index heading Nonrelevel, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26		DERT OR EQUITY CLASSIFICATION
Intercorporate, in liquidation insolvent subsidiary, 15:10 subsidiary into parent, 15:9 Interest as stock or indebtedness factors considered by courts, 5:5 factors considered by courts, 5:5 factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading Nonrecourse debt. See index heading nonreclevel, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26		
Intercorporate, in liquidation insolvent subsidiary, 15:10 subsidiary into parent, 15:9 Interest as stock or indebtedness factors considered by courts, 5:5 factors considered by courts, 5:5 factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading Nonrecourse debt. See index heading nonreclevel, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26	Instruments not publicly traded, OID rules apply,	· · · · · · · · · · · · · · · · · · ·
insolvent subsidiary, 15:10 subsidiary into parent, 15:9 Interest as stock or indebtedness factors considered by courts, 5:5 factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading Nonre- COURSE DEBT Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26	1,711	
Subsidiary into parent, 15:9 Interest as stock or indebtedness factors considered by courts, 5:5 factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading Nonre- COURSE DEBT Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26		
Interest as stock or indebtedness factors considered by courts, 5:5 factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading Nonre- COURSE DEBT Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 Factors considered by courts generally, 5:5 assets purchased, 5:11 creditor behavior, 5:11 formal indicia of debt, 5:6 nonpro-rata holding of interests, 5:7 pay out term reasonable, 5:11 proportionality of equity to debt, 5:7 repayment expectation, 5:10 security of interest, 5:8 subordination to other creditors, 5:8 thin capitalization, 5:9 Factors considered by courts generally, 5:5 assets purchased, 5:11 creditor behavior, 5:11 formal indicia of debt, 5:6 nonpro-rata holding of interests, 5:7 pay out term reasonable, 5:11 proportionality of equity to debt, 5:7 repayment expectation, 5:10 security of interest, 5:8 thin capitalization, 5:9 Factors considered by Service, 5:4 Intereditor behavior, 5:11 formal indicia of debt, 5:6 nonpro-rata holding of interests, 5:7 pay out term reasonable, 5:11 proportionality of equity to debt, 5:7 repayment expectation, 5:10 Installment notes, redemptions to pay death taxes, 11:7 Intercorporate dividend deduction, debt compared to stock interest, 5:2 Recapitalizations, stock for debt securities, 19:4 Recorpanizations, determination, 18:5 S corporations, determination, 18:5 See index headings estates; section 303 redemptions to pay death taxes, 1		
factors considered by courts, 5:5 factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading Nonrecourse debt. See index heading Nonrecourse debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 1244 stock issuances, 5:26 generally, 5:5 assets purchased, 5:11 creditor behavior, 5:11 formal indicia of debt, 5:6 nonpro-rata holding of interests, 5:7 pay out term reasonable, 5:11 proportionality of equity to debt, 5:7 repayment expectation, 5:10 security of interest, 5:8 subordination to other creditors, 5:8 thin capitalization, 5:9 Factors considered by Service, 5:4 Insolvent subsidiary liquidation, 15:10 Installment notes, redemptions to pay death taxes, 11:7 Intercorporate dividend deduction, debt compared to stock interest, 5:2 Recapitalizations, stock for debt securities, 19:4 Reorganizations, stock for debt securities, 19:4 Reorganizations, straight debt, safe harbor, 24:6 DECEDENTS See index headings ESTATES; SECTION 303 REDEMPTIONS DEDUCTIBILITY Bad debt vs. worthless stock, 5:2	* *	
factors considered by Service, 5:4 Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading Nonre- COURSE DEBT Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 sassets purchased, 5:11 creditor behavior, 5:11 formal indicia of debt, 5:6 nonpro-rata holding of interests, 5:7 pay out term reasonable, 5:11 proportionality of equity to debt, 5:7 repayment expectation, 5:10 security of interest, 5:8 subordination to other creditors, 5:8 thin capitalization, 5:9 Factors considered by Service, 5:4 Insolvent subsidiary liquidation, 15:10 Installment notes, redemptions to pay death taxes, 11:7 Intercorporate dividend deduction, debt compared to stock interest, 5:2 Recapitalizations, stock for debt securities, 19:4 Recorganizations, determination, 18:5 S corporations basis in debt obligations, 24:15 reclassification trules, 19:14 Section 1244 stock issuances, 5:26		•
Investment interest limitation rules, classification at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading Nonre- COURSE DEBT Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 creditor behavior, 5:11 formal indicia of debt, 5:6 nonpro-rata holding of interests, 5:7 pay out term reasonable, 5:11 proportionality of equity to debt, 5:7 repayment expectation, 5:10 security of interest, 5:8 subordination to other creditors, 5:8 thin capitalization, 5:9 Factors considered by Service, 5:4 Insolvent subsidiary liquidation, 15:10 Installment notes, redemptions to pay death taxes, 11:7 Intercorporate dividend deduction, debt compared to stock interest, 5:2 Recapitalizations, stock for debt securities, 19:4 Reorganizations, determination, 18:5 S corporations, straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26		
at corporate level, 5:33 Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading NONRE- COURSE DEBT Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 formal indicia of debt, 5:6 nonpro-rata holding of interests, 5:7 pay out term reasonable, 5:11 proportionality of equity to debt, 5:7 repayment expectation, 5:10 security of interest, 5:8 subordination to other creditors, 5:8 thin capitalization, 5:9 Factors considered by Service, 5:4 Insolvent subsidiary liquidation, 15:10 Installment notes, redemptions to pay death taxes, 11:7 Intercorporate dividend deduction, debt compared to stock interest, 5:2 Recapitalizations, stock for debt securities, 19:4 Reorganizations, determination, 18:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26		
Market discount rules, 19:15 Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading NONRE- COURSE DEBT Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 nonpro-rata holding of interests, 5:7 pay out term reasonable, 5:11 proportionality of equity to debt, 5:7 repayment expectation, 5:10 security of interest, 5:8 subordination to other creditors, 5:8 thin capitalization, 5:9 Factors considered by Service, 5:4 Insolvent subsidiary liquidation, 15:10 Intercorporate dividend deduction, debt compared to stock interest, 5:2 Recapitalizations, stock for debt securities, 19:4 Reorganizations, determination, 5:10 See index headings estrates; section 303 redemp- TIONS DECEDENTS See index headings estrates; section 303 redemp- TIONS DEDUCTIBILITY Bad debt vs. worthless stock, 5:2		formal indicia of debt, 5:6
Nature of loss generally, 5:12 corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading NONRE- COURSE DEBT Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 pay out term reasonable, 5:11 proportionality of equity to debt, 5:7 repayment expectation, 5:10 security of interest, 5:8 subordination to other creditors, 5:8 thin capitalization, 5:9 Factors considered by Service, 5:4 Insolvent subsidiary liquidation, 15:10 Installment notes, redemptions to pay death taxes, 11:7 Intercorporate dividend deduction, debt compared to stock interest, 5:2 Recapitalizations, stock for debt securities, 19:4 Reorganizations, determination, 18:5 S corporations, straight debt, safe harbor, 24:6 DECEDENTS See index headings estates; section 303 REDEMP- TIONS DEDUCTIBILITY Bad debt vs. worthless stock, 5:2		
corporate shareholders, 5:16 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading NONRE- COURSE DEBT Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 repayment expectation, 5:10 security of interest, 5:8 subordination to other creditors, 5:8 thin capitalization, 5:9 Factors considered by Service, 5:4 Insolvent subsidiary liquidation, 15:10 Installment notes, redemptions to pay death taxes, 11:7 Intercorporate dividend deduction, debt compared to stock interest, 5:2 Recapitalizations, stock for debt securities, 19:4 Reorganizations, determination, 18:5 S corporations, straight debt, safe harbor, 24:6 DECEDENTS See index headings estates; section 303 redemp- TIONS DEDUCTIBILITY Bad debt vs. worthless stock, 5:2		
repayment expectation, 5:10 debt constituting securities, 5:14 debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading NONRE- COURSE DEBT Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 repayment expectation, 5:10 security of interest, 5:8 subordination to other creditors, 5:8 thin capitalization, 5:9 Factors considered by Service, 5:4 Insolvent subsidiary liquidation, 15:10 Installment notes, redemptions to pay death taxes, 11:7 Intercorporate dividend deduction, debt compared to stock interest, 5:2 Recapitalizations, stock for debt securities, 19:4 Reorganizations, determination, 18:5 S corporations, straight debt, safe harbor, 24:6 DECEDENTS See index headings estates; section 303 redemptions TIONS DEDUCTIBILITY Bad debt vs. worthless stock, 5:2	generally, 5:12	
debt not a security, 5:15 shareholder guarantees, 5:17 Nonrecourse debt. See index heading NONRE- COURSE DEBT Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 subordination to other creditors, 5:8 thin capitalization, 5:9 Factors considered by Service, 5:4 Insolvent subsidiary liquidation, 15:10 Installment notes, redemptions to pay death taxes, 11:7 Intercorporate dividend deduction, debt compared to stock interest, 5:2 Recapitalizations, stock for debt securities, 19:4 Reorganizations, determination, 18:5 S corporations See index headings estates; section 303 redemp- TIONS DEDUCTIBILITY Bad debt vs. worthless stock, 5:2		
thin capitalization, 5:9 Nonrecourse debt. See index heading NONRE- COURSE DEBT Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 thin capitalization, 5:9 Factors considered by Service, 5:4 Insolvent subsidiary liquidation, 15:10 Installment notes, redemptions to pay death taxes, 11:7 Intercorporate dividend deduction, debt compared to stock interest, 5:2 Recapitalizations, stock for debt securities, 19:4 Reorganizations, determination, 18:5 S corporations S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 DECEDENTS See index headings estates; section 303 REDEMP-TIONS DEDUCTIBILITY Bad debt vs. worthless stock, 5:2	debt constituting securities, 5:14	
Nonrecourse debt. See index heading Nonre- COURSE DEBT Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 Factors considered by Service, 5:4 Insolvent subsidiary liquidation, 15:10 Installment notes, redemptions to pay death taxes, 11:7 Intercorporate dividend deduction, debt compared to stock interest, 5:2 Recapitalizations, stock for debt securities, 19:4 Reorganizations, determination, 18:5 S corporations, straight debt, safe harbor, 24:6 DECEDENTS See index headings estates; section 303 REDEMPTIONS DEDUCTIBILITY Bad debt vs. worthless stock, 5:2	debt not a security, 5:15	
Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 Insolvent subsidiary liquidation, 15:10 Installment notes, redemptions to pay death taxes, 11:7 Intercorporate dividend deduction, debt compared to stock interest, 5:2 Recapitalizations, stock for debt securities, 19:4 Reorganizations, determination, 18:5 S corporations, straight debt, safe harbor, 24:6 DECEDENTS See index headings ESTATES; SECTION 303 REDEMPTIONS DEDUCTIBILITY Bad debt vs. worthless stock, 5:2		
Passive loss rules, classification at corporate level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 Installment notes, redemptions to pay death taxes, 11:7 Intercorporate dividend deduction, debt compared to stock interest, 5:2 Recapitalizations, stock for debt securities, 19:4 Reorganizations, determination, 18:5 S corporations, straight debt, safe harbor, 24:6 DECEDENTS See index headings estates; section 303 REDEMPTIONS DEDUCTIBILITY Bad debt vs. worthless stock, 5:2	Nonrecourse debt. See index heading NONRE-	
level, 5:33 Qualified debt instrument, exception to OID rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 11:7 Intercorporate dividend deduction, debt compared to stock interest, 5:2 Recapitalizations, stock for debt securities, 19:4 Reorganizations, determination, 18:5 S corporations, straight debt, safe harbor, 24:6 DECEDENTS See index headings ESTATES; SECTION 303 REDEMPTIONS DEDUCTIBILITY Bad debt vs. worthless stock, 5:2		
rules, 19:14 Recharacterized as equity investment, 4:33 Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 compared to stock interest, 5:2 Recapitalizations, stock for debt securities, 19:4 Reorganizations, determination, 18:5 S corporations, straight debt, safe harbor, 24:6 DECEDENTS See index headings estates; section 303 REDEMPTIONS DEDUCTIBILITY Bad debt vs. worthless stock, 5:2	level, 5:33	11:7
Retained after redemption, not proprietary or subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 Reorganizations, determination, 18:5 S corporations, straight debt, safe harbor, 24:6 See index headings estates; section 303 redemptions TIONS DEDUCTIBILITY Bad debt vs. worthless stock, 5:2	rules, 19:14	compared to stock interest, 5:2
subordinated, 10:5 S corporations basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 S corporations, straight debt, safe harbor, 24:6 DECEDENTS See index headings estates; Section 303 REDEMPTIONS DEDUCTIBILITY Bad debt vs. worthless stock, 5:2		
basis in debt obligations, 24:15 reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 DECEMENTS See index headings estates; section 303 redemptions TIONS DEDUCTIBILITY Bad debt vs. worthless stock, 5:2	subordinated, 10:5	
reclassification, held in proportion to stock, 5:3 straight debt, safe harbor, 24:6 Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 Section 1244 stock issuances, 5:26 Section 305 REDEMPTIONS TIONS DEDUCTIBILITY Bad debt vs. worthless stock, 5:2		DECEDENTS
Section 385, restructure interest, 5:4 Section 1244 stock issuances, 5:26 DEDUCTIBILITY Bad debt vs. worthless stock, 5:2	reclassification, held in proportion to stock, 5:3	_
Section 1244 stock issuances, 5:26 Bad debt vs. worthless stock, 5:2		DEDITCTIBILITY
T		
		Interest payments on loans, 5:2
36 troit 2000(e), quantica debt exception, 1911	Section 2036(c), qualified debt exception, 19:17	* *
ola 3.25		
Start up debt, quanned, 19.17	÷ •	
Straight debt, S corporations DEDUCTIONS A coupling and the straight debt, S corporations		
generally, 24:6 capital structure considerations, 5:33 Automobile expenses, constructive dividends, 6:12		

DEDUCTIONS—Cont'd	DEFERRED ESTATE TAXES—Cont'd
Bad debts	Percentage ownership requirement—Cont'd
loan v. redemption, 10:12	aggregation rule, 11:11
loans v. capital contributions, 5:15, 6:14	Personal holding company, use of, 11:29
Charitable contributions	Premature withdrawal of funds, 11:18
IRC 170(a)(2) election, 24:13	Tainted withdrawals, 11:19
split-dollar insurance transactions, 2:43	DEFINED BENEFIT PLANS
Compensation	See index heading qualified pension and profit
disguised dividends, 6:11	SHARING PLANS
reasonableness test, 6:11	DEFINED CONTRIBUTION PLANS
Health savings accounts, 2:30	
Interest	See index heading qualified pension and profit SHARING PLANS
loans to purchase tax-exempt obligations, 6:14 loans v. capital contributions, 5:15 , 6:14	
Management fees, passive activity limitations,	DEFINITIONS
1:8	Abusive principal purpose, 22:30
Passive activity losses, year of deduction, 1:8	Accrued benefit, 3:28
Redemption of stock, terminating ESOP	Accumulated adjustments account, S corporations, 24:19
participants, 3:39	Accumulated taxable income, 8:21
S corporation shareholders, interest, 24:14	Active conduct, Section 355 divisions, 20:14
DEFERRED COMPENSATION	Active participant, employer maintained qualified
Generally, 3:1	plan, 3:53
See also index heading QUALIFIED PENSION AND	Activity, passive activity loss limitation, 1:8
PROFIT SHARING PLANS	Actual deferral percentage, 3:25
Acquiring corporation liability, 22:14	Affiliated corporation, for worthless securities,
Nonqualified plans	5:16
generally, 3:86 to 3:94	Applicable dividends, 3:39
selection considerations, 3:107 to 3:110	Asset account, qualified, funded welfare benefit
Pension Protection Act of 2006, generally, 3:2	plans, 2:51 Athletic facility, on premises, 2:7
Qualified plans	Automobile demonstration use, working condi-
generally, 3:3	tion fringe, 2:5
classification of plan, 3:4 to 3:15	Bank, exempt company, personal holding
deduction, employer contributions, 3:31 to 3:39	companies, 9:3
distributions from plans, 3:40 to 3:49	Base benefit percentage, 3:22
extending time for making amendments to	Below-market loans, 5:41
qualified retirement plans, 3:1	Boot property, 20:33
fiduciary standards, 3:70 to 3:80	Brother-sister controlled group, 23:5
individual retirement accounts, 3:51 to 3:59	Business, 8:8
plan administration, 3:60 to 3:65	Cafeteria plans, 2:47
qualification requirements, 3:16 to 3:32	Change date, 22:38
reasonable compensation, 3:34	Closely held corporation, passive loss rules, 5:30
reporting requirements, 3:66 to 3:69	Collapsible corporations, 17:3
selection considerations, 3:95 to 3:110	Common stock, 13:4
simplified plans, 3:51 to 3:59	Commuter highway vehicle, qualified transporta-
termination insurance, 3:81 to 3:85	tion fringe, 2:8 Component member, 23:8
Tax attributes carryover, acquirer, 22:14	Computer software, Section 197 excluded asset,
DEFERRED ESTATE TAXES	14:20
Acceleration rules, 11:19	Control
Active business requirement, 11:29	Section 269, denial of NOLs, 22:16
Coordination with Section 303, 11:17	Section 304, brother-sister rule
Deductibility of interest, 11:15	generally, 12:3
Percentage ownership requirement	parent-subsidiary rule, 12:8
adjusted gross estate test. 11:10	Section 351 transactions, 4:23

DEFINITIONS—Cont'd	DEFINITIONS—Cont'd
Control—Cont'd	Fiduciary, ERISA, 3:72
Section 355 divisions, 20:3	Finance company, exempt company, personal
stock for stock reorganizations, 18:27	holding companies, 9:3
Control, Section 2701, 19:17	Five percent shareholder, 22:27
Copyright royalties, personal holding company	Franchise, Section 197 intangible, 14:20
income, 9:13	Full funding limitation, 3:31
Corporate business purpose, 20:6	Gift loan, 5:41
Corporate equity reduction transaction (CERT), 22:53	Gross profit percentage, qualified employee discount, 2:4
Current liability, full funding limitation, 3:31	Gross receipts, S corporations, 24:9
Customer based intangibles, 14:20	Gross receipts test, Section 1244 stock, 5:27
D reorganizations, 19:2	Group term life insurance, 2:35
Death taxes, Section 303, 11:13	Highly compensated individuals
Debt instrument, qualified, Section 1274A elec-	accident and health plans, 2:25
tion, 5:37	pension and profit sharing plans, 3:19
Deferral period, S corporation tax year, 24:11	Highly compensated participant, cafeteria plans,
Defined benefit plan	2:48
generally, 3:3 annual benefit payable, 3:27	High-yield discount obligation, disqualified portion of OID, 5:42
Defined contribution plan, 3:3	Historic business assets, 18:11
Demand loan, 5:41	Imputed principal amount, 5:39
Dependent care assistance program, 2:44	Intangible, Section 197, 14:20
Direct cost, qualified, funded welfare benefit	Interest, S corporations, 24:9
plans, 2:51	Intragroup stock, 12:17
Dispositions, Section 306 stock, 13:14	Investment company, 4:41
Disqualified person, 3:80	Joint and survivor annuity, qualified, 3:30
Disqualified property, liquidations, 14:10	Key employees
Distribution right, Section 2701, 19:17	group term life insurance, 2:40
Dividend, 6:3	top heavy qualified plans, 3:29
Domestic operating corporation, 3:9	Lending company, exempt company, personal
Earnings and profits (E&P), 6:4	holding companies, 9:3
Eighty percent distributee, Section 337 requirement, 15:8	Life insurance company, exempt, personal holding companies, 9:3
Elective deferral, qualified, matching contribu-	Liquidations, intent test, 14:1
tions, qualified plans, 3:23	Loss corporation, Section 382, 22:25
Employee	Lowest three month rate, 5:39
fringe benefit exclusions, 2:11	Lump-sum distribution, 3:41
group term life insurance, 2:36	Mandatory payment right, 19:17
Employee pension benefit plan, ERISA, 3:94	Market discount bond, 5:40
Equity capital, Section 1244 stock, 5:25	Matching contribution, 3:23
Equity structure shift, 22:32	Method of accounting, 22:10
ESOPs	Month, S corporation election, 24:7
qualified election period, 3:9	Moving expense reimbursement, 2:9 Named fiduciary, ERISA, 3:72
qualified participant, 3:9	Net unrealized built-in gain, 22:44
qualified replacement property, 3:9	Net unrealized built-in loss, 22:45
qualified securities, 3:9	New loss corporation, Section 382, 22:25
Excess aggregate contributions, 3:23	No-additional-cost services, 2:3
Excess benefit percentage, 3:22	Nondeductible contributions, qualified plans,
Excess benefit plan, ERISA, 3:94	3:39
Excess contributions, 3:25	Nonelective contribution, qualified, matching
Extraordinary dividend, Section 1059, 6:14	contributions, 3:23
Extraordinary payment right, 19:17	Nonqualified preferred stock, Section 351(g), 4:8
Family, S corporations, Section 1366, 24:20	Old loss corporation, Section 382, 22:25
Federal short-term rate, 5:39	On premises athletic facility, 2:7

DEFINITIONS—Cont'd	DEFINITIONS—Cont'd
Open accounts receivable, 1:10	Reverse acquisition, 22:21
Option, ownership changes, 22:30	Royalties, S corporations, 24:9
Organization, Section 482, 23:13	S termination year, 24:10
Owner shifts, Section 382, 22:31	Section 197 intangibles
Ownership change, 22:26	generally, 14:20
Parent-subsidiary controlled group, 23:5	goodwill, 14:18
Parking, qualified transportation fringe, 2:8	Section 306 stock, 13:3
Partial liquidation, 10:10	Section 1244 stock
Party in interest, ERISA, 3:72	generally, 5:21
Party to reorganization, 18:61	equity capital, 5:25 gross receipts test, 5:27
Passive activity, 5:30 Passive investment income, S corporations, 24:9	transitional year, 5:24
Personal holding company (PHC), 9:2	Section 2036(c) terms, 19:17
Personal holding company income, personal ser-	Securities, Section 351 transactions, 4:13
vice contracts, 9:17	Securities acquisition loan, 3:9
Personal service corporation	Separate return, 22:21
generally, 1:8	Small business corporation, capital gains exclu-
passive loss rules, 5:30	sion, 1:4
Plan of reorganization, defined, 18:62	Small business investment company, personal
Portfolio stock, 6:14	holding companies, 9:3
Postchange year, 22:38	Small S corporation, 24:31
Post-termination transition period, S corpora-	Spin-off transactions, 20:1
tions, 24:19	Split-off transactions, 20:1
Potentially abusive situation, 5:39	Split-up transactions, 20:1
Preacquisition loss, 22:51	Stock
Prechange losses	eighty percent ownership test, 15:3
generally, 22:38	nonqualified preferred stock, 3:54
losses after change date, 22:42	Section 305, stock dividends, 7:3
Predecessor corporation, Section 382, 22:25	Section 351 transactions, 4:12
Produced film rents, personal holding company	Section 382, 22:29
income, 9:15	Straight debt, Section 1361, 5:3
Property	Subchapter C earnings and profits, 24:9
Section 317, 11:4	Successor corporation, Section 382, 22:25
Section 351 transactions, 4:3	Supplier based intangibles, 14:20 Transfer, Section 351 transactions, 4:5
Purchase, Section 338, 16:4	
Qualified debt instruments, Section 1274A, 19:14	Transit pass, qualified transportation fringe, 2:8
Qualified dividend income, 6:2	Transitional year, Section 1244 stock, 5:24 Tuition reduction, qualified, 2:12
Qualified domestic relations order (QDRO), 3:30	
Qualified group of corporations, continuity of	Value of loss corporation, 22:40
business, reorganizations, 18:11	Voting stock, 18:21
Qualified payment, Section 2701, 19:17	Working condition fringe, 2:5
Qualified small business stock, newly issued requirement, 1:4	DEPENDENT CARE ASSISTANCE
Qualified stock purchase, Section 338, 16:4	PROGRAMS
Qualified transportation fringe benefits, 3:27	Excludable fringe benefit, 2:44
Recognized built-in gain, 22:51	DEPRECIATION
Recognized built-in loss, 22:45	
Redemption, Section 317, 11:4	Alternative minimum tax, 1:5
Rents	Earnings and profits determination, 6:7
interest income, 9:14	Intangible assets, 14:19
personal holding company income, 9:14	Personal holding company tax base, adjustments to taxable income, 9:20
S corporations, 24:9	Real estate, alternative minimum tax adjustment.
Residential mortgage service rights, Section 197	1:5
excluded asset, 14:20	Real property, capital gain rates, 1:3

DEPRECIATION—Cont'd	DISTRIBUTIONS—Cont'd
Recapture provisions divisive D reorganization, 20:23	Business purpose requirement, Section 355 distributions, 20:6
liquidation, subsidiary into parent, 15:8	Cash in lieu of fractional shares, 7:8
Section 1250 property, straight-line method, 1:5	Constructive distributions
Tax attributes carryover, acquirer, 22:14	generally, 6:8
	advances to shareholders, 6:10
DEVISE TO AVOID TAXES	antidilution provisions, 7:14
Corporate divisions, Section 355	bargain sales or rentals, 6:9
generally, 20:8	convertible preferred stock
examples of devise clause, 20:12	generally, 7:13
factors evidencing devise, 20:10	recapitalization issuances, 7:15
factors not evidencing devise, 20:11	excessive compensation, 6:11
overview of regulations, 20:9	increase in proportionate interest, 7:14
transactions lacking tax avoidance, 20:13	redemption premiums
Distribution of corporate E&P, Section 355 and	generally, 7:11
Section 303, 11:29	recapitalization issuances, 7:12
DISCHARGE OF INDEBTEDNESS INCOME	taxable distributions, 7:17
Loss limitations, 22:47	transactions characterized as, 6:12
Recapitalizations, security issues, 19:16	Control test, 20:5
Section 382, election out rules, 22:47	Corporate divisions
Stock for debt exception, 19:7	generally, 20:4
•	business purpose requirement, 20:6
DISCLOSURE Amended plans, lump sum options, 3:64	eighty percent ownership test, Section 1504,
Participants-beneficiaries, qualified plans	15:3
accrued benefits, 3:65	Corporation's own obligations
amendments or modifications, 3:64	generally, 6:19
	effect on earnings and profits, 6:18
annual report summary, 3:63	Death of plan participants, QTIPs, 3:47
exemption for certain plans, 3:61 forward averaging, 3:64	Disguised dividends, securities for stock recapitalization, 19:5
plan description summary, 3:62	Disproportionate distributions
rollover distributions, 3:64	convertible preferred stock, 7:13
upon specific request, 3:65	stock dividends, generally, 7:5
	two classes of stock, 7:9
DISPOSITIONS	Dividends
Debt retirement, 5:14	cash, includable in shareholder's income, 6:3
Market discount bonds, exceptions, 5:40	noncash, reclassify of interest in corporation,
S corporations, built-in gain or loss assets, 24:22	5:3
Section 306 stock	Early distributions, COLAs, 3:48
generally, 13:5	Effect on earnings and profits, 6:18
basis recovery rules, 13:15	Liquidation
defined, 13:14	disqualified property, related parties, 14:10
shareholder tax consequences, 13:13	installment obligations, 14:4
Stock, sale or exchange treated permitted, 5:13	nonpro rata, related parties, 14:10
DICALLI IEIED DICTRIBUTIANO	series of distributions, 14:3
DISQUALIFIED DISTRIBUTIONS	shareholders, generally, 14:2
Section 355, 20:29	Minimum distributions, voluntary contributions, 3:46
DISTRIBUTIONS	Net unrealized appreciation, 3:44
Generally, 6:1	Nonbusiness assets, devise factor, 20:10
Accumulated earnings, compelled, 5:2	Nondividend from target corporation, C
Appreciated property	reorganizations, 18:34
effect on earnings and profits, 10:13	Partnership distribution, corporate partner's
partial liquidation, 10:11	stock, 15:12
redemption of stock, 10:12	Preferred stock, 7:10

DISTRIBUTIONS—Cont'd	DISTRIBUTIONS—Cont'd
Pro rata, corporate divisions	Valuation of distribution rights, Section 2701,
evidence of devise, 20:10	19:17
preferred stock, 20:35	DIVIDEND SOURCE RULES
Pro rata required for dividends	Affiliated corporation transactions
accumulated earnings tax, 8:23	brother-sister transfers, 12:5
constructive dividends, 6:8	holding companies, transfers to, 12:14
Property, historical background generally, 6:15	parent subsidiary transfers, 12:11
effect on earnings and profits, 6:18	DIVIDENDS
gain recognized to corporation, 6:16	Generally, 7:1 to 7:17
shareholder taxed on value, 6:17	Advances to shareholders, loans distinguished,
Qualified plans	6:10
generally, 3:40	Affiliated corporations stock sales, 12:5 Amount available for payment, accumulated
annuity treatment, 3:43	earnings tax, 8:21
death of plan participant, 3:47	Arrearages on preferred, stock for stock recapital-
determination of taxable portion, 3:41	ization, 19:6
early distributions, penalty, 3:48 employer securities, 3:44	Basis, 7:16
excessive distributions, 3:50	Characterization to extent of E&P, 6:3
excise tax imposed	Consent dividends. See index heading CONSENT
amounts includable in taxable income, 3:50	DIVIDENDS
excessive distributions, 3:50	Constructive distributions
failure to distribute, 3:48	generally, 6:8, 7:14
five-year income averaging device, 3:41	advances to shareholders, 6:10
installment payment options, 3:43	bargain sales or rentals, 6:9
life of participant-beneficiary, 3:46	excessive compensation, 6:11
loans to participants, prohibited transaction	recapitalization issuances, 7:15
exception, 3:45	transactions characterized as, 6:12
lump-sum distributions, 3:41	Corporate divisions, 20:33 , 20:35 Deduction
mandatory distribution, 3:46	accumulated earnings tax, 8:23
minimum required distributions, 3:49	dividend paid deduction. See index heading
premature distributions, 3:48	DIVIDENDS PAID DEDUCTION
securities, unrealized appreciation, 3:44	dividend received deduction. See index head-
tax-free rollovers, 3:42	ing dividends received deduction
Qualified property, reorganizations, 18:64	Deemed distributions, 7:7
Redemption premiums recapitalization issuance, 7:12	Deficiency dividend procedure
Redemptions, 10:1 to 10:23	acquisitions, transferor deducts, 22:14
Reorganizations, corporate transferor, 18:64	personal holding companies, 9:24
Restructuring transactions, corporate transferor,	Defined, 6:3
19:25	Disproportionate distributions
S corporations	generally, 7:5 to 7:8
accumulated adjustments account, 24:19	convertible preferred stock, 7:13
basis adjustments, 24:15	two classes of stock, 7:9
S shareholders, taxability, 24:29	Failure to distribute, tax avoidance purpose, 8:5
Secondary business, devise factor, 20:10	Fractional shares, 7:8
Section 355	Historical development, 7:2
generally, 20:2	Intercompany. See index heading INTERCOMPANY DIVIDENDS
devise restriction, 20:8 to 20:12	Intercorporate dividend deduction, debt
transactions lacking tax avoidance, 20:13	compared to stock interest, 5:2
Stock dividends, generally, 7:1	Jobs and Growth Tax Relief Reconciliation Act,
Tax treatment, generally, 6:2	6:2
Taxable property distributions, advantages, 5:3	Liquidation reincorporation, service's approach
Unrepaid loans, 3:45	to attack, 21:11

DIVIDENDS RECEIVED DEDUCTION DIVIDENDS—Cont'd Nontaxable stock dividends, 13:4 —Cont'd Personal holding company tax base Options for choice of receipt, 7:4 adjustments to taxable income, 9:20 Paid after close of taxable year, 8:23 liquidation distributions, 9:23 Parent subsidiary transactions, 12:10 Restrictions on use, 6:14 Payments made for shareholders, compensation distinguished, 6:11 S corporations, not available to, 24:13 Payments of shareholder's taxes, 4:37 Stock sales characterized as, 12:5 Personal holding company income DIVISIVE REORGANIZATIONS generally, 9:10 See index headings acquiring corporations; deficiency dividend procedure, 9:24 CORPORATE DIVISIONS; D REORGANIZATIONS determination of tax base, 9:22 DOUBLE TAXATION OF CORPORATIONS Preferred stock, distribution on C corporations, considerations in choice of entity, generally, 7:10 to 7:13 nontaxable distributions, 13:4 Earnings and profits (e&p), 1:3 Redemptions generally, 7:11 E REORGANIZATIONS affiliated corporations, 12:1 Generally, 19:4 extraordinary dividends, 12:5 Capital structure adjustment, 19:3 recapitalization issuances, 7:12 Equity structure shift, Section 382, 22:32 tax consequences to shareholders, 10:14 Historical development, 19:5 Restructuring transactions, 19:30 Liquidation reincorporation, recast as, 21:13 Rights to receive additional, B reorganizations, Overlap with other provisions, F reorganizations, 18:23 S corporations, taxation of distributions, 24:19 Party to reorganization, 19:23 Section 305, 7:3, 7:15 Stock for securities, generally, 19:8 Section 306 stock EARNINGS AND PROFITS (E&P) generally, 13:4 Generally, 6:4 redemption by issuer, 13:16 Accumulated earnings and profits tax consequences to shareholders, 13:13 generally, 8:2 Section 1244 stock, defined for, 5:27 allocation to multiple distributions, 6:3 Series of distributions, 7:6 distribution as a dividend, 6:3 Spin-off transactions, generally, 20:1 purchase business, distribute to shareholders, Stock acquisition by affiliate, 12:5 10:11 Stock dividends, generally, 7:1 to 7:17 Adjusted current earnings, exercise of stock Stock for securities, restructure options, 1:5 generally, 19:8 Allocation to multiple distributions, **6:3** historical development, 19:5 Appreciated property distribution, 11:25 Target shareholders, B reorganizations, 18:26 Bailout of Taxable distributions, 7:17 preferred stock distributions, 13:1 DIVIDENDS PAID DEDUCTION stock sale to affiliate, 12:1 Accumulated earnings tax Brother-sister transactions effect of dividend distribution, 12:6 generally, 8:21 redemption or exchange treatment, 12:4 payments applicable, 8:23 special source rules, 12:5 Earnings and profits determination, 6:6 Calculation for Section 306 stock Personal holding company tax base generally, 13:15 generally, 9:22 redemption by issuer, 13:16 liquidation distributions, 9:23 Capitalization or amortization, certain expenses, Stock held by an ESOP, 3:9 determination, 6:7 DIVIDENDS RECEIVED DEDUCTION Carryover, acquisitive transactions deficit, application to acquirer, 22:8 Accumulated earnings tax, adjustments to taxable income, 8:22 determination of acquirer's, 22:8 High-yield discount obligations, 5:42 historical development, 22:2

S corporation, ramifications, 21:22

Percentage allowed as deduction, 6:13

EARNINGS AND PROFITS (E&P)—Cont'd Controlled corporation, corporate division, effect	EMPLOYEE STOCK OWNERSHIP PLANS (ESOPs)—Cont'd
on, 20:31	Benefits of selection
Corporate divisions, carryover of	generally, 3:102
allocated to assets transferred, 20:27	capital financing technique, 3:103
decrease on distribution, 20:31	providing market for stock, 3:104
Defined, 6:4	Closely held corporations, 3:105
Determination of amount	Dilution of control of corporation, 3:105
accounting rules applicable, 6:7	Exception, survivor-benefit annuity, 3:30
additions to taxable income, 6:5	Insurance requirements, 3:83
subtractions from taxable income, 6:6	Limitation on employer deductions, 3:38
Devise restriction, controlled corporations, 20:8	Loans to, prohibited transactions, 3:78
Distributions by S corporations, 24:19	Plan amendments, special rule, 3:28
Distributions constitute dividends, current and accumulated E&P, 6:3	Prohibited transactions, excessive contributions, 3:9
Double taxation of corporations, 1:3	Restrictions on annual additions, 3:27
Effect of distributions on E&P	S corporations, 3:9
dividend distributions, 6:18	30-day notarization requirement, waiver, 3:9
redemption to pay death taxes, 11:25	EMPLOYEES
redemptions as exchanges, 10:13	See also index heading EMPLOYERS
Holding companies, transfers to, 12:14	Collective bargaining agreements, excluded from
Parent subsidiary transactions effect of dividend distribution, 12:10	nondiscrimination
redemption or exchange treatment, 12:9	contributions and benefits, 3:20
special source rules, 12:11	coverage requirements, 3:19
Reduction of E&P, Section 306 stock redemption,	Constructive receipt doctrine, 3:89
13:16	Contributions to qualified plans
Reorganizations, boot property receipt, 18:68	generally, 3:23
Section 355 devise restriction	distributions in annuity form, 3:43
generally, 20:8	minimum vesting requirement, 3:28
transactions lacking tax avoidance, 20:13	Deferred compensation
Source rules	agreement prior to services, 3:89
brother-sister transactions, 12:5	substantial risk of forfeiture, 3:90
holding companies, transfers to, 12:14	vested amounts are taxable, 3:90 Defined
parent-subsidiary transactions, 12:11	fringe benefit exclusions, 2:11
Subchapter C earnings and profits	group term life insurance purposes, 2:36
distribute prior to S election, 24:24	Economic benefit doctrine, 3:90
S corporation limitations, 24:9	Educational expenses, deductible business
tax treatment on distributions, 24:19	expenses, 2:45
Taxable income	Intangible assets, defined, 14:20
additions to determine E&P, 6:5 subtractions to determine E&P, 6:6	Life insurance. See index heading LIFE INSURANCE FOR EMPLOYEES
Timing of determination, 13:5	Nonqualified deferred compensation plans, income realization, 3:88
EDUCATIONAL ASSISTANCE PROGRAMS	Owner employees. See index heading owner
Excludable fringe benefit, 2:45	EMPLOYEES
ELECTIONS	Pension and profit sharing plans
Cafeteria plans, 2:46	common-law employees, 3:19
Passive activities, 1:8	coverage requirements, 3:19
EMPLOYEE STOCK OWNERSHIP PLANS	Prohibited interest after redemption, waiver of attribution rules, 10:5
(ESOPs)	Services after redemption, 10:5
See also index heading qualified pension and profit sharing plans	Shareholders. See index heading SHAREHOLDER EMPLOYEES
Generally, 3:9	Status required, life insurance deductibility, 2:36

EMPLOYEES—Cont'd

Stock ownership plans. See index heading EMPLOYEE STOCK OWNERSHIP PLANS (ESOPS)

EMPLOYERS

See also index heading EMPLOYEES
Below-market loans, related parties, **5:41**Beneficiary insurance
generally, **2:34**split dollar life insurance, **2:43**Contributions to plans
nonqualified plans, **3:92**qualified plans, **3:23**simplified employee plans, **3:58**Fringe benefits
generally, **2:1 to 2:53**

accident and health plans, 2:22 to 2:31 achievement awards for employees, 2:14, 2:15

athletic facilities, 2:7

cafeteria plans, 2:46 to 2:50 de minimis fringe, 2:6

dependent care assistance programs, **2:44** educational assistance programs, **2:45**

hobby losses, 2:15

life insurance for employees, **2:32 to 2:43** meals and lodging provided, **2:16 to 2:21**

no-additional-cost services, **2:3** qualified employee discount, **2:4**

reproduction rights, 2:13

Section 132, excludability, **2:2 to 2:15** working condition fringe, **2:5**

Highly compensated employees, methods for determining, 3:19

Information returns required, cafeteria plans, **2:50**

Nonqualified deferred compensation plans, **3:86** to **3:94**

Qualified plans, maintenance

generally, 3:17

deductibility of contributions, **3:33 to 3:39** excess contributions, excise tax, **3:23**

funding requirements, 3:31, 3:32

preretirement vesting, 3:28

timing of required contributions, 3:31

Recruiting employees, benefit plans, 3:96

ENTERTAINMENT

Fringe benefits, 2:16

ENTITY CLASSIFICATION

Check-the-box regulations sole proprietorships, **1:14** step transactions, **1:14** Form 8832, **1:14**

EQUITY CLASSIFICATION

See index heading DEBT OR EQUITY CLASSIFICATION

EQUITY INTEREST

Definition in reorganizations, **18:5** Junior equity interest, valuation, **19:17**

EQUITY STRUCTURE SHIFT

See index heading ownership changes

ERISA

See also index heading qualified pension and profit sharing plans

Compliance requirements

generally, 3:60

termination insurance, effect, 3:84

Fiduciary requirements, 3:71

Nonqualified plans, application, 3:94

ESTATE PLANNING

Redemption to pay death taxes interest on deferred taxes, 11:15 liability for payments, 11:16 qualification for Section 303, 11:26 to 11:31 timing of redemption, 11:17 to 11:19 Section 355 distributions, corporate business purposes, 20:6 Section 2036(c), freeze techniques, 19:17 Specific monetary bequests, stock disqualified; Section 303, 11:3

ESTATE TAX FREEZES

Holding company, use, historical background, 12:13

Recapitalizations, use of, historical development, 19:17

Stock for stock recapitalization, 19:6

ESTATE TAXES

See also index heading deferred estate taxes Nonqualified plans, considerations, **3:93** Retain interest in entity, **19:17**

ESTATES

Attribution rules interest retained after waiver, 10:5 personal holding company stock, 9:5 redemptions under Section 302, 10:3 waiver of family attribution, 10:6 Expenses allowable, Section 303 generally, 11:12

administrative expenses, 11:14 death taxes, defined, 11:13

interest on deferred taxes, 11:15

liability for expenses, 11:16

Passive activity loss limitations, 1:8

Passive loss rules, 5:30

Planning for redemptions, Section 303 qualification, 11:26 to 11:31

Redemptions under Section 303

tax consequences to corporation, 11:21 to 11:25

ESTATES—Cont'd

Redemptions under Section 303—Cont'd tax consequences to shareholder, 11:20
Stock included in, Section 303 redemption, 11:3
Substantial interest in corporation, 19:17
Waiver of family attribution rules, 10:6

ESTIMATED TAXES

High income individuals, minimum payments, 24:31

EXCESS PRINCIPAL AMOUNT

Security for security exchanges capital gain element, 19:11 effect on issuer of security, 19:16 ordinary income element, 19:10

EXCESSIVE COMPENSATION

Allocate to current and deferred, **3:34** Constructive dividends, **6:11**

EXCISE TAXES

Continuing coverage, health care benefits, 2:25
Disposition of Section 133 stock, 3:9
Disposition of securities by ESOP, 3:9
Distributions from qualified plans
excessive distributions, 3:50
failure to make minimum, 3:49
ESOP transactions, 3:9
Excess contributions
individual retirement accounts, 3:53
qualified plans, 3:23

IRAs, minimum distribution rules, **3:54** Money purchase pension plans, **3:10**

Overfunded qualified plans, 3:39

Prohibited transactions, imposed on amount involved, **3:80**

SEPs, excess contributions, 3:56

Underfunded qualified plans, accumulated funding deficiencies, **3:31**

EXCLUDABLE INCOME

Settlements, work-related injuries, 2:27

EXCLUSIONS (UNDER SECTION 132)

Generally, 2:2 to 2:15

Achievement awards for employees, 2:14, 2:15

Athletic facilities, 2:7

Business purpose requirement, employee achievement awards, **2:15**

De minimis fringes, 2:6

Employee defined, 2:11

Hobby losses, 2:15

Moving expense reimbursements, 2:9

No-additional-cost services, 2:3

Qualified employee discounts, 2:4

Qualified transportation, 2:8

Qualified tuition reductions, 2:12

EXCLUSIONS (UNDER SECTION 132)

-Cont'd

Reproduction rights, 2:13

Retirement planning services, 2:10

Transportation expenses, 2:8

Working condition fringes, 2:5

EXCLUSIONS FROM GROSS INCOME

Meals, convenience of the employer test, 2:20

EXPENSES

Administrative, estates, interest on deferred taxes, 11:15

Deductible, interest payments on loans, **5:2** Interest. See index heading INTEREST EXPENSE

EXTRAORDINARY DISTRIBUTIONS

Reorganizations, continuity of interest regulations, **18:9**

EXTRAORDINARY DIVIDEND

Reduction in stock basis, 6:14

EXTRAORDINARY PAYMENT RIGHTS

Section 2701 valuation, 19:17

F REORGANIZATIONS

Generally, 19:18

Liquidation reincorporation, 21:13

Multiple operating companies, 19:19

Overlap with other provisions

E reorganizations, 19:2

nondivisive D reorganization, 19:2

Party to reorganization, 19:23

Post-acquisition loss carryback, 22:5

Section 381 inapplicable, 22:5

Single operating company, 19:2

FAMILY ATTRIBUTION

Acquisition of loss corporations, 22:30

Brother-sister controlled groups, 23:7

Dividend equivalence, 10:8

Family discord, preclude application, 10:8

Multiple corporations, 23:7

Parent subsidiary controlled groups, 23:7

Personal holding company stock, 9:5

Redemptions under Section 302, 10:3

Section 382 application, 22:30

Termination of interest, waiver of rules, generally, **10:4**

Waiver of attribution rules

generally, 10:5

by entities, 10:6

FAMILY BUSINESSES

Estate freezes, valuation rules, 19:17

FARM CORPORATIONS

Meals and lodging exclusion, 2:21

FIDUCIARY RESPONSIBILITY STANDARDS FRINGE BENEFITS—Cont'd Company-owned eating facility, 2:6 Generally, 3:70 Contributions to accident and health plans, 2:23 Affirmative actions of fiduciary, 3:73 De minimis fringe Bonding required, amount, 3:71 generally, 2:6 Definitions, 3:72 life insurance on employee spouse, 2:36 Delegation of responsibility, 3:74 Employer assets held by plan, 3:79 Dependent care assistance programs, 2:44 Labor provisions, generally, 3:71 Educational assistance programs, 2:45 Named fiduciary, defined, 3:72 Employee defined, 2:11 Nonqualified deferred compensation plans, 3:94 Employee discount, qualified, 2:4 Employer-provided transportation, 2:5 Penalties imposed for noncompliance, 3:71 Exclusions under Section 132, 2:2 to 2:15 Personal liability for losses, 3:71 Flexible spending accounts, 2:31 Prohibited transactions Funded welfare benefit plans, 2:51 generally, 3:76 Health FSA, 2:31 between plan and party in interest, 3:77 Health savings accounts, 2:30 exceptions to prohibition, 3:78 Historical development excise tax imposed on amount, 3:80 generally, 2:2 personal liability for losses, 3:80 Native Americans, 2:53 self-dealing, 3:75 nondiscrimination rules, Section 89, 2:52 Trustees administering plan assets, 3:74 Hobby losses, 2:15 FINANCIALLY DISTRESSED Life insurance for employees, 2:32 to 2:43 **CORPORATIONS** Line of business limitation Loss limitations, special rules, 22:47 no-additional-cost services. 2:3 Section 382, special rules, 22:47 qualified employee discount, 2:4 FLEXIBLE SPENDING ACCOUNTS Meals and lodging exclusion, 2:16 to 2:21 Native Americans, 2:53 Fringe benefits, 2:31 No-additional-cost services, 2:3 FOREIGN CORPORATIONS Nondiscrimination Exempt from liability, personal holding company generally, 2:1 tax. 9:3 cafeteria plans, 2:48 Section 1244 stock, ineligible, 5:23 collective bargaining agreements, 2:48 FOREIGN TAX CREDITS company-owned eating facility, 2:6 dependent care assistance programs, 2:44 Carryovers, Section 383 application, 22:50 educational assistance programs, 2:45 FRACTIONAL SHARES health care coverage B reorganizations, 18:22 cafeteria plans, 2:48 Cash in lieu of, stock dividends, 7:8 self-insured plans, 2:25 life insurance, group term **FRANCHISES** Intangible assets, defined, 14:20 generally, 2:37 rules for key employees, 2:40 FREE TRANSFERABILITY OF INTERESTS no-additional-cost services, 2:3 Classification of entity qualified employee discount, 2:4 generally, 1:14 qualified tuition reduction, 2:12 prior law, 1:13 Nondiscrimination Native Americans, 2:53 FRINGE BENEFITS Section 89 antidiscrimination rules, 2:52 Generally, 2:1 to 2:53 Overtime meal allowances, 2:6 Accident and health plans, 2:22 to 2:31 Parking provided by employer, 2:5 Achievement awards for employees, 2:14, 2:15 Planning considerations, medical plans, 2:28 Athletic facilities, 2:7 Prior law C corporations, considerations in choice of entity, 1:12 affecting choice of entity, 1:11 Cafeteria plans, 2:46 to 2:50 excludability, 2:2 Choice of entity considerations, 1:11 Oualified parking, 2:8 Commuter highway vehicle exclusion, 2:8 Qualified retirement planning services, 2:10

FRINGE BENEFITS—Cont'd	GAIN OR LOSS RECOGNITION—Cont'd
Qualified transportation fringes, 2:8	Minority shareholders—Cont'd
Reproduction rights, 2:13	liquidating subsidiary into parent, 15:7
S corporation shareholder-employees, 24:12	Recognition by corporation, election, collapsible
Section 89 nondiscrimination rules, 2:52	corporations, 17:13
Self-employed individuals, medical, 2:25	Reorganizations, calculation
Transit pass exclusion, 2:8	boot property receipt, 18:68
Transportation expenses, 2:8	transferee corporation, 18:65
Tuition reduction, qualified, 2:12	transferor corporation, 18:63
2017 Tax Act	unwanted assets, 21:6
generally, 2:5, 2:6, 2:8, 2:9	Restructuring transactions
accident and health plans, 2:24, 2:30	shareholders or security holders, 19:28
employee achievement awards, 2:14	transferee corporation, 19:26
life insurance, 2:42, 2:43	transferor corporation, 19:25
meals and lodging, 2:16	unwanted assets, 21:6
Volunteers for exempt organizations, 2:5	S corporations, taxation of distributions, 24:19
Working condition fringe, 2:5	Sale of S corporation
FSAs (FLEXIBLE SPENDING ACCOUNTS)	generally, 24:28 asset sale followed by liquidation, 24:29
Fringe benefits, 2:31	stock sale, 24:30
	Section 351 transfers
FUNDED WELFARE BENEFIT PLANS	generally, 4:7
Excludable fringe benefit, 2:51	character of recognized gain, 4:16
G REORGANIZATIONS	liabilities assumed
Generally, 19:20	generally, 4:20
Equity structure shift, Section 382, 22:32	excess of basis, exception, 4:22
Party to reorganization, 19:23	tax-motivated transactions, 4:21
GAIN OR LOSS RECOGNITION	policy underlying transaction, 4:10
Appreciated property, corporate distributions,	securities received in transfer, 4:11
4:25	
Asset acquisitions, prior stock ownership, 21:5	transferee corporation, 4:25 Section 355 transactions, 20:30
Assumption of liabilities	
generally, 4:19	Securities for stock, recapitalization, 19:5
effect on basis of property, 4:20	Shareholders in liquidation
Bausch & Lomb doctrine, 21:5	generally, 14:2
Capital gains exclusion, 1:4	installment obligations, 14:4
Collapsible transactions	series of distributions, 14:3
collapsible corporations, 17:9	Small business corporation, capital gains exclusion, 1:4
exceptions to application, 17:11 to 17:13	
Contribution of parent's stock, rabbi trusts, 4:25	Stock distributions, distributing corporations, 20:30
Corporate divisions, distributing corporations,	Subsidiary liquidating into parent
20:23	appreciated property distributed, 15:8
Deemed asset purchase, Section 338, 16:1	insolvent subsidiary, 15:10
Disposition of unwanted assets, asset acquisi-	retiring debt to parent, 15:9
tions, 21:7	Target corporation
Liquidation of corporations	C reorganizations, 18:34
generally, 14:7	tax consequences, generally, 18:63
liabilities distributed, 14:8	Taxable incorporations
limitations on loss recognition	generally, 4:31
distributions to related persons, 14:10	advantages of transaction, 4:32
tax avoidance purposes, 14:11	Unwanted assets in reorganizations, 21:6
reorganizations, exceptions, 14:9	Onwanicu asseis in reorganizations, 21:0
subsidiaries, Section 332, 15:5	GENERAL UTILITIES DOCTRINE
Minority shareholders	C reorganizations, nature of assets transferred,
appreciated property distributions, 15:8	18:34

GENERAL UTILITIES DOCTRINE—Cont'd

Collapsible corporations, election out by corporation, 17:13

Corporate distributions

effect on earnings and profits, **6:18** gain recognition to corporation, **6:16**

historical background, 6:15

Section 304 transactions, 12:6

stock sale to affiliate, 12:6

Liquidating distributions

historical development, 14:6

subsidiary into parent, 15:12

Liquidation reincorporation, 21:9

Regulatory authority of IRS, 15:12

Restricted use of RIC or REIT, 15:12

S corporations, built-in gains of former C corporations, **24:22**

GIFT TAX

Nonqualified plans, considerations, **3:93** Retained interest in entity, **19:17** Split dollar life insurance, **2:43**

GIFTS

Section 306 stock, **13:14**Stock prior to liquidation, **14:2**Tax. See index heading GIFT TAX

GOODWILL

Intangible assets defined, **14:20**Section 197, generally, **14:19**

GRANTOR TRUSTS

Qualified subchapter S trust (QSST), **24:4** S corporations, shareholder eligibility, **24:4**

GROMAN-BASHFORD DOCTRINE

Remote continuity of interest, 18:7

GUARANTEES

Corporate debt by shareholders, 1:2

HEALTH CARE COVERAGE

See also index heading ACCIDENT AND HEALTH PLANS Medical savings accounts, **2:29**Portability requirements, **2:25**

HEALTH INSURANCE

Premiums, deducting, 24:12

HEALTH PLANS

See index heading ACCIDENT AND HEALTH PLANS

HEALTH SAVINGS ACCOUNTS

Generally, 2:30

HIGH YIELD DISCOUNT OBLIGATIONS

Generally, 5:42

HIGH-DEDUCTIBLE HEALTH PLAN (HDHP)

Defined, 2:30

HIGHLY COMPENSATED INDIVIDUALS

Athletic facilities benefits, **2:7**Cafeteria plans, **2:48**De minimis fringe benefits, **2:6**Deferred compensation, nonqualified plans, **3:86**

to 3:94 Defined. 2:25

Dependent care assistance programs, 2:44

Discrimination in favor of, 3:108

Educational assistance programs, 2:45

Health care coverage

generally, 2:25

planning considerations, 2:28

Nondiscrimination required, benefits company-owned eating facility, 2:6

group term life insurance, 2:40

health care coverage

self-insured plans, 2:25

no-additional-cost services, 2:3

qualified employee discount, 2:4

qualified tuition reduction, 2:12

Nonqualified deferred compensation plans

generally, 3:86 to 3:94

discrimination permitted, 3:108

Qualified pension and profit sharing

actual deferral percentage, 3:25

aggregation of all plans, 3:23

excess contributions, CODAs, 3:25

matching contributions, 3:23

minimum coverage requirements, 3:19

nondiscrimination requirements

generally, 3:20

regulations for, 3:26

penalty for noncompliance, 3:19

voluntary contributions, 3:23

SEP contributions by employers, 3:56

Working condition fringe benefits, 2:5

HISTORIC ASSETS

New loss corporations, **22:46**Reorganizations, continuity of business enterprise, **18:11**

HISTORIC BUSINESS

New loss corporations, **22:46**Reorganizations, continuity of business, **18:11**

HISTORICAL DEVELOPMENT

Appreciated property distributions, **6:15**Assignment of income, liquidations, **14:6**Attempted avoidance of Section 351, **4:33**Business purpose doctrine, **18:12**C corporation taxation, **1:3**Collapsible corporations, **17:2**

HISTORICAL DEVELOPMENT—Cont'd	HISTORICAL DEVELOPMENT—Cont'd
Complete liquidation of subsidiaries, 15:1	Original issue discount (OID)—Cont'd
Continuity of business doctrine, 18:11	close corporation context, 5:36
Continuity of interest doctrine, 18:4	reorganizations, 19:13
Corporate divisions, active business requirement, 20:14 to 20:21	Personal holding company tax generally, 9:1
Court Holding doctrine, 14:13	rents, as an item of income, 9:14
Coverage requirement of qualified plans, 3:19	Preferred stock bailouts, 13:1
Debt instruments, characterization, 4:13	Property distributions, 6:15
Deemed asset purchase, 16:2	Qualified plans, choice of entity, 1:11
Devise restriction, Section 355, controlled	Reallocating income and deductions, 23:13
corporations, 20:8	Recapitalizations
Distributions in corporate divisions, 20:8	generally, 19:3
Distributions of property, 6:15	estate freezes, 19:17
Elective carryover basis, reform proposals, 21:23	securities for stock, 19:7
Employee stock ownership plans, 3:9	stock for securities, 19:5
Estate freezes	Redemptions, Section 302, 10:2
recapitalizations, 19:17	Redemptions, Section 303, percent of ownership
Section 304 vs. Section 351, 12:13	requirement, 11:9
F reorganizations, 19:19	Reorganizations
Formation of corporation	application to S corporations, 21:18
nonrecognition property, 4:1	liquidation of target, 18:45
securities received in transfer, 4:7	reform proposals, 21:23
Fringe benefits, excludability	triangular, Groman Bashford doctrine, 18:7
generally, 2:2	type C and D overlap, priority, 19:2
Native Americans, 2:53	S corporations
nondiscrimination rules, Section 89, 2:52	built in gain or loss, 24:23
General Utilities doctrine, 14:6	reorganization provisions apply, 21:18
Imputed interest rules, generally, 5:34	Sale of property to corporation, stepped-up basis,
Income-splitting advantages, 1:3	4:32
Indebtedness transferred for stock, 4:3	Section 89, nondiscrimination rules, 2:52
Integration of Social Security benefits, defined	Section 306 stock, 13:1
contribution plans, 3:21	Section 337, formerly, 14:13
Keogh plans, 3:13	Section 338 election, 16:2
Libson Shop doctrine, 22:52	Section 350 election, 1012 Section 351, nonrecognition transfer
Liquidating distributions, 14:6	generally, 4:7
Liquidation reincorporation	policy, continuing investment, 4:10
generally, 21:11	Section 381, 22:2
1939 Code, 21:10	Section 381, 22.2 Section 382, 22:23
Loans from third parties, shareholder guarantees,	Section 382, 22:23 Section 382 (old), 22:22
5:17	Section 482, reallocations, 23:13
Loss corporations	Section 483, understated interest, 5:35
generally, 22:16	Section 1244 stock
Section 381, 22:2	generally, 5:18
Section 382, 22:23	
Section 382 (old), 22:22	pre-11/7/78 stock, 5:25
Lump-sum distributions, qualified plans, ten-year	Securities defined, Section 351, 4:13
averaging permitted, 3:41	Securities for stock, 19:7
Market discount bonds, 5:40	Security for security exchanges, rules
Mirror subsidiary transactions, 12:17	issuances prior to 1984, 19:13
Native Americans, 2:53	1984 original issue discount rules, 19:14
Nonrecognition property, formation of corpora-	Split dollar life insurance, 2:43
tions, 4:1	Stock dividends, 7:2
Original issue discount (OID)	Stock for securities exchange, 19:5
generally, 5:35	Stock sale to affiliate, 12:1

HISTORICAL DEVELOPMENT—Cont'd

Stock transfers to holding company, Section 351 vs. Section 304, 12:13 Tax attributes, succeeding to generally, 22:2 Libson Shop doctrine, 22:52 restrictions on carryover, 22:15 Triangular reorganizations, 18:47

HOBBY LOSSES

Fringe benefits, 2:15

HOLDING COMPANIES

Attribution rules, look through, 22:36 Collapsible corporation assets, 17:5 Evidence of purpose to avoid taxes, 8:6 Loss corporations, formation of, 22:36 Section 306 stock, 13:9 Tax attributes carryover, 22:14

Tax-avoidance purpose, evidence, 8:6

HOLDING PERIODS

Capital gains, 1:3 Corporate divisions, stock or securities distributed, 20:34 Incorporation transferee, 4:29 transferor, 4:28 Nonliquidating distributions, corporate shareholders, 6:14

HSAs (HEALTH SAVINGS ACCOUNTS)

Generally, 2:30

ILLEGAL BUSINESSES

Business expense deduction, 1:6

IMPUTED INTEREST RULES

Generally, 5:34 to 5:42

Below-market loans, related parties, 5:41

Constructive dividends, advances to shareholders, 6:10

Contingent stock rights, 21:15 Determination of amount, 5:39 Escrow stock transactions, 21:16 High-yield obligations, 5:42 Historical background generally, 5:35 close corporation context, 5:36

Market discount bonds, 5:40

Personal holding company income, 9:7

Section 483 or 1274 applicability, 5:38 Stock for securities exchange, 19:8

Timing of recognition, 5:37

INCOME IN RESPECT OF A DECEDENT

Deceased shareholder, 10:12

INCOME ITEMS

Controlled corporations, calculation, 23:16 Earnings and profits determination, 6:5 Interest. See index heading INTEREST INCOME Ordinary vs. dividend character, reorganization distributions, 18:70 Personal holding companies, 9:9 to 9:18 S corporations pass through to shareholders, 24:14 passive loss rules apply, 24:18

INCOME SPLITTING

C corporation used as devise, 1:3 Multiple corporations, advantages, 23:3 S corporation stock transfers, 24:20 Section 482 application, 23:15

INCOME TEST

Ownership changes, 22:30

INCORPORATING AN EXISTING BUSINESS

Generally, 4:34

Accounting method and elections, 4:35 Depreciation recapture, 4:36 Judicial doctrines considered, 4:34 Partnership incorporation, 4:39 Tax benefit rule, application, 4:38 Transfer of income rights, 4:37

INCORPORATION Generally, 4:1 Appreciated property transferred, 4:7 Assumption of liabilities generally, **4:19 to 4:22** liabilities in excess of basis, 4:21 nonrecognition of gain, 4:20 tax-motivated transactions, 4:22 Avoidance of Section 351, 4:33 Basis in stock, generally, 4:9 Boot received in transaction generally, 4:15 property other than stock, 4:17

character of recognized gain, 4:16 timing of gain recognition, 4:18

Cash method business, liabilities assumed, 4:22

Clear reflection of income doctrine, 4:37 Continuing investment in property, 4:10

Control requirement, generally receipt of securities only, 4:11

subsequent transferors, aggregated, 4:23

timing of determination, 4:24 transferors treated as a group, 4:6

Debt instruments, characterization, 4:13

Equity investment in corporation, **4:12**

Exchange requirement, 4:9

Existing business. See index heading INCORPORAT-ING AN EXISTING BUSINESS

INCORDOD ATION Condid	INDIVIDUAL DETIDEMENT ACCOUNTS
INCORPORATION—Cont'd Gift-incorporation transactions, 4:24	INDIVIDUAL RETIREMENT ACCOUNTS (IRAs)—Cont'd
Holding periods	Distributions
transferee, 4:29	generally, 3:54
transferor, 4:28	divorce-related, 3:53
Integral plan of incorporation, 4:24	levies, 3:53
Investment companies, excluded, 4:41	nontaxable transfers, 3:53
Loss recognition, 4:32	Employer contributions, SEPs, 3:55
Losses incurred not recognized, 4:7	Employer maintained qualified plan, 3:53
Nonexclusive license transferred, 4:5	Establishing account, 3:52
· · · · · · · · · · · · · · · · · · ·	Expanded IRAs, 3:55
Nonrecognition of gain or loss, 4:7 Nonrecognition transactions	Net income calculations, 3:54, 4:8
generally, 4:1	Nondeductible contributions, 3:53
appreciated property transferred, 4:7	Nondeductible IRAs, 3:54
transfer of property required, 4:2	Rollovers, inherited IRAs, 3:54
Option to acquire stock, 4:24	Roth IRAs, 3:54
Partnership incorporation, 4:39	Simple IRA plans, 3:11
Plan of incorporation	Simplified employee pension plans, 3:54
Section 1244 stock, requirements	Spousal contributions, 3:52
generally, 5:25	Trustees, individuals, 3:52
recordkeeping requirements, 5:29	Trustees, marviduais, 3.32
Property defined, 4:3	INDIVIDUAL TAXPAYERS
Reincorporation. See index heading REINCORPORA-	Passive loss rules, 5:30
TION	Tax rates, 1:3
Related party transactions, 4:14 , 4:32	INFLATION REDUCTION ACT
Rights in assets transferred, 4:5	
Sale of assets to corporation, 4:32	Transfer of eligible credits, 22:54
Sale of stock subsequent to, 4:24	INFORMATION BASE
Securities defined, 4:13	Intangible assets, defined, 14:20
Separate transfers, 4:31	
Services contributed for stock, 4:4	INFORMATION REPORTING
Split holding period and basis, 4:28	Section 1060, sellers and buyers, allocation of
Stock defined, 4:12	purchase price, 14:18
Substantial rights transferred, 4:5	INFORMATION RETURNS
Tax benefit rule, application, 4:38	Individual retirement accounts, nondeductible
Taxable incorporations	contributions, 3:53
generally, 4:31	INSOLVENCY
advantages, 4:32	See index heading BANKRUPTCY OR INSOLVENCY
intentional avoidance of Section 351, 4:33	See flidex fleading bankrupicy or insolvency
loss recognition, 4:32	INSTALLMENT OBLIGATIONS
Transfer, defined, 4:5	Distributions
Transfer of property in formation, 4:2	estate to beneficiaries, 11:7
Transferee corporation	to S shareholders, 24:29
basis in transferred property, 4:27	Inventory, compliance with bulk sales require
tax treatment, generally, 4:25	ments, 14:4
Transferor-shareholder	Liquidating distributions of
basis in property received, 4:26	post-1986 law, 14:7
holding period of property, 4:28	pre-1987 law, 14:6
Underwriting agreement, effect, 4:24	shareholders, consequence to, 14:4
	Tax attributes carryover, acquirer, 22:14
INDIVIDUAL RETIREMENT ACCOUNTS	• •
(IRAs)	INSTALLMENT PAYMENTS
Generally, 3:51	Estate taxes, automatic acceleration, 11:19
Active participant, defined, 3:53	INICTALI MENUT CALEC
Adjusted gross income limitations, 3:53	INSTALLMENT SALES
Aggregation of separate IRAs, 3:54	Asset sale by S corporation, 24:29

INSTALLMENT SALES—Cont'd

Boot in Section 351 transaction, timing of gain recognition, **4:18**

Built-in gain assets, S corporations

generally, 24:22

pre-1987 provision, 24:23

Distribution of obligations, estate to beneficiaries, 11:7

Earnings and profits determination, 6:7

Redemptions to pay death taxes, 11:7

INSURANCE

Assumption reinsurance transaction, basis of intangible assets, **14:22**

Life insurance. See index heading LIFE INSURANCE FOR EMPLOYEES

INTANGIBLE ASSETS

Generally, 14:19 to 14:22

Amortization, software, 14:20

Basis determination

disposition of asset, 14:21

nonrecognition transfers, 14:22

Defined for amortization purposes, 14:20

Development of, 14:19

Dispositions, 14:21

Excluded assets, 14:20

Nonrecognition transactions, 14:22

INTERCOMPANY DIVIDENDS

Mirror subsidiary transactions, 12:17

Ordinary vs. dividend income

reorganization distributions, 18:70

restructuring transactions, 19:30

Providing liquidity to an estate, 11:29

Redemption of Section 306 stock, 13:16

Related corporation redemptions, 12:17

Section 306 stock redemption, 13:16

Section 306 stock taxation

reorganization distributions, 18:70

restructuring transactions, 19:30

Section 355 distributions, evidence not a devise, **20:11**

INTEREST EXPENSE

Corporate equity reduction transaction (CERT), 22:53

Discharge of indebtedness, ownership changes, 22:47

Earnings and profits determination, disallowed for income tax purposes, **6:6**

High-yield discount obligations, exception to deductibility, **19:16**

NOL carryback limitation, 22:53

S corporation shareholders, classification, 5:33

INTEREST INCOME

See also index headings market discount; original issue discount (OID); unstated interest

Arrearages on securities, exchanges

historical development, 19:7

ordinary income element, 19:10

Below-market loans, related parties, 5:41

Corporate equity reduction transaction (CERT), 22:53

Deferred estate taxes, Section 303 redemptions, 11:15

Disguised interest

generally, 5:34

historical background, 5:35

Earnings and profits determination, disallowed for income tax purposes, **6:6**

Gift loans, 5:41

High-yield discount obligations, exception to deductibility, **19:16**

Imputed. See index heading IMPUTED INTEREST

Leveraged buyouts, resulting from, 22:53

Market discount, 5:40

NOL carryback limitation, 22:53

Original issue discount

generally, 5:34

accrual vs. cash method of reporting, 5:37

application Section 483 or 1274, 5:38

determination of amount, 5:39

high-yield discount obligations, 5:42

lowest three month rate, defined, 5:39

market discount, **5:40**

nongift term loans, Section 7872, 5:41

Passive loss rules, 5:33

Personal holding company income, 9:10

Oualified debt instrument, Section 1274A, 5:37

Reorganizations, arrearages on securities, 18:66

S corporation, defined, passive investment income limits, **24:9**

S corporation shareholders, classification, 5:33

Section 483, deferred payments

generally, 5:36

historical background, 5:35

Section 1244 stock, defined for, 5:27

Unstated interest, test rate used

generally, 5:36

determination of amount, 5:39

INTEREST OWNERSHIP

See also index headings shareholder creditors; shareholder employees

Voting rights retained, redemptions

substantially disproportionate, **10:7** waived attribution rules, **10:5**

INTERNAL REVENUE SERVICE

See index headings irs forms; irs restructuring and reform act of 1998

INVENTORY

Basis increased, LIFO recapture, 24:25

Bulk sale requirement, 14:4

Collapsible corporation assets, 17:6

Corn Products doctrine, restricted, 5:12

Installment obligations from sale of, distribution in liquidation, **14:4**

LIFO recapture, conversion to S corporation, 24:25

Tax attributes carryover, acquirer, 22:14

INVESTMENT COMPANIES

Defined, TRA 1997, 4:41

Excluded from Section 351, 4:41

Specialized small business, 1:4

Tax-free incorporation, excluded, 4:41

INVESTMENT INTEREST LIMITATION

Capital structure considerations

C corporations, 5:32

S corporations, 5:33

Classification at corporate level, 5:33

Passive loss rules, relation, 5:31

INVESTMENT TAX CREDIT

Recaptured, 20:25

Start-up companies, 20:25

IRAs

See index heading INDIVIDUAL RETIREMENT ACCOUNTS

IRS FORMS

Form 1120-S, S corporation tax return, 24:7

Form 2553, S corporation election, 24:7

Form 8023, Section 338 election, **16:5**

Form 8594, asset acquisition statements, 14:18

Form 8716, S corporation tax year election, 24:11

IRS RESTRUCTURING AND REFORM ACT OF 1998

Capital gains technical corrections

generally, 1:3

preferred stock bailouts, 11:22

Preferred stock treated as boot, loss recognition permitted, **4:8**

Section 355, control requirement, 20:30

Taxable incorporations, capital gains considerations, **4:32**

JOBS AND GROWTH TAX RELIEF RECONCILIATION ACT

Accumulated earnings tax, 8:1

Advantages of taxable incorporations, 4:32

Alternative minimum tax, 1:5

Choice of entity, major considerations, generally, 1:12

JOBS AND GROWTH TAX RELIEF RECONCILIATION ACT—Cont'd

Collapsible corporation rules, 17:1

Nonliquidating distributions, **6:2**

Preferred stock bailouts, 13:2

S corporations, 17:1

Taxation of business income, 1:3

JUDICIAL DOCTRINES

See also index headings specific doctrine; assignment of income; tax benefit rule

Court Holding Company, 14:13

NOL carryovers, Libson Shop doctrine, 22:52

LEVERAGED BUYOUTS

Corporate equity reduction transaction, **22:53** NOL carryback limitation, **22:53**

LIABILITIES ASSUMED

Acquiring corporation, liabilities arising after transfer, 22:12

Affiliated corporations transfers, exception to Section 304, 12:15

B reorganizations, 18:25

C reorganizations

generally, 18:41

boot relaxation rule, 18:43

reorganization expenses, 18:42

Liquidation distributions

generally, 14:2

basis to shareholders, 14:5

Obligation reflected in price paid, 22:12

Reverse triangular A merger, capital contribution, 18:58

Section 351 transaction

generally, 4:19

avoidance of provision, **4:33**

boot determination, 4:17

business purpose, lack of, 4:22

excess of basis, exception, 4:21

nonrecognition of gain, generally, 4:20

securities treated as boot, 12:15

tax motivated transactions, 4:22

Subsidiary in corporate division, 20:24

LICENSES

Intangible assets, defined, 14:20

LIFE INSURANCE FOR EMPLOYEES

Generally, 2:32 to 2:43

Benefits available, nondiscrimination requirements, **2:40**

Combined permanent and group term, 2:38

Eligibility to participate, nondiscrimination requirements, **2:40**

Funding Section 303 redemptions

generally, 11:22

accumulated earnings problems, 11:23

LIMITED PARTNERSHIPS—Cont'd LIFE INSURANCE FOR EMPLOYEES Classification of entity —Cont'd Group permanent insurance, 2:38 generally, 1:14 Group term prior law, 1:13 generally, 2:33 to 2:40 Investors, attracting, 1:2 coverage requirements, 2:37 LINE OF BUSINESS LIMITATION defining qualifications, 2:35 Fringe benefits exceptions to exclusion, 2:39 no-additional-cost services. 2:3 exclusion only for employees, 2:36 qualified employee discount, 2:4 inclusion in estate at death. 2:34 Gross profit percentage calculation, 2:4 nondiscrimination rules, 2:40 permanent benefits, 2:34 **LIQUIDATIONS** state law requirements, 2:35 See also index heading SUBSIDIARIES tax consequences of benefit, 2:34 Acquisitions of loss corporations, restrictions on Inclusion in employee's gross income carryovers, 22:16 incident to a qualified plan, 2:42 Allocation rules of Section 1060, 14:18 split dollar life insurance, 2:43 Basis of property received in, 14:5 Key employees, defined, 2:40 Basis recovery on stock, 14:2 Multi-employer plans, 2:41 Constructive receipt of assets, 21:12 Qualified plan, incidental to, 2:42 Corporate divisions, tax results, 20:28 Section 303 redemptions, funding Court Holding doctrine, 14:13 generally, 11:22 Deductions to corporation, 14:14 accumulated earnings problems, 11:23 Deemed asset purchase, compared to corporate Split dollar life insurance, 2:43 liquidation, 14:17 LIFO INVENTORY METHOD Deemed sales to distributees, 14:7 Recapture requirement, conversion to S corpora-Distributions in corporate divisions, 20:28 tion, 21:21 Eighty percent distributee defined. 15:8 LIKE-KIND EXCHANGES indebtedness owed to, 15:9 Built-in gain taint carries over, 24:22 Expenses which are deductible, 14:14 LIMITED LIABILITY General Utilities doctrine, historical background, Choice of entity considerations, 1:2 14:6 Classification of entity Goodwill, 14:18 generally, 1:14 Installment obligations distributed, 14:4 prior law, 1:13 Judicial doctrines Companies. See index heading LIMITED LIABILITY assignment of income, 14:12 COMPANIES Court Holding Company, 14:13 Multiple corporations, advantages, 23:2 tax benefit rule, 14:12 LIMITED LIABILITY COMPANIES Loss limitations rules Cash method of accounting, 1:10 distributions to related persons, 14:10 Centralized management property acquired to avoid tax, 14:11 generally, 1:14 Open transaction treatment, 14:2 prior law, 1:13 Partial, Section 302(b)(4) Check-the-box regulations, 1:14 contraction of business, 10:10 Choice of entity considerations, 1:1 exchange treatment on redemption, 10:9 Continuity of life termination of active business, 10:11 member-manager cessation, 1:14 Plan of complete prior law, 1:13 generally, 14:1 Member-managers distribution of installment notes, 14:4 generally, 1:14 ownership of subsidiary, timing, 15:3 prior law, 1:13 Purchase of stock followed by, deemed asset Nontax considerations, 1:2 purchase, 16:1 LIMITED PARTNERSHIPS Purchase-price allocation, 14:18 Choice of entity considerations, 1:1 Reclassification of interest, 5:3

Reduction of right to share, redemption treatment, 10:8 Reincorporation generally, 14:15, 21:9 after liquidation, generally, 21:13 Freorganization characterization, 21:12 Series of transactions, single integrated plan, 21:10 Reorganizations, requirement B reorganizations, 18:31 C reorganizations, 18:45 Seorporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 306 delection, 15:13 Section 306 delection, 15:13 Section 306 delection, 15:13 Split-up transactions, generally, 20:1 Subsidiary corporation, section 322, tax attributes carryover, 22:45 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:2 to 15:5 Section 332 requirement, 15:8 minority shareholders, 5:41 Constructive dividends generally, 6:8 advances to shareholders, 6:10 Corporation to shareholder, tax avoidance purpose, 8:5 Giff loans, 5:41 Interest exclusion, ESOPs, securities acquisition 3:9 Nonrecourse, pledge of Section 306 stock, 13:12 Participants of qualified plans distributions, 3:45 Corporation shareholder manactions, 3:78 S corpor	ment, 10:8 Reincorporation generally, 14:15, 21:9 after liquidation, generally, 21:3 historical development 1939 Code, 21:10 1954 and 1986 Codes, 21:11 nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 306 ottock, exception, 13:19 Section 306 ottock, exception, 13:19 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 346 election, 15:13 tax consequences generally, 15:16 liquidating corporation, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	ONS—Cont'd
Reincorporation generally, 14:15, 21:9 after liquidation, generally, 21:9 E reorganization characterization, 21:13 F reorganization characterization, 21:13 historical development 1939 Code, 21:10 nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, requirement B reorganizations, 18:31 C reorganizations, 18:31 C reorganizations, 18:45 scorporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 306 of stock, exception, 13:19 Section 306 of stock, exception, 13:19 Section 306 of stock, exception, 13:19 Section 306 stock, exception, 13:19 Section 306 of stock exception, 13:19 Section 306 stock exception, 13:19 Section 306 stock, exception, 13:19 Section 306 stock, exception, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 21:13 subsidiary liquidation, 14:16 distributions, appreciated plans, 21:12 corporation to shareholders, 6:10	Reincorporation generally, 14:15, 21:9 after liquidation, generally, 21:9 E reorganization characterization, 21:13 historical development 1939 Code, 21:10 1954 and 1986 Codes, 21:11 nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, requirement B reorganizations, 18:31 C reorganizations, 18:31 C reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 306 stock, exception, 13:19 Section 307 Section 308 election, 15:13 Carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:2 to 15:5 Section 332 requirement, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	
generally, 14:15, 21:9 after liquidation, generally, 21:9 E reorganization characterization, 21:13 F reorganization characterization, 21:13 historical development 1939 Code, 21:10 1954 and 1986 Codes, 21:11 nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, 18:31 C reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferce, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 306 organization, 14:13 Split-up transactions, generally, 20:1 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidation, 21:15 Vaiver, reorganization requirement, 18:45 LOANS Below-market loans, related parties, 5:41 Constructive dividends generally, 6:8 advances to shareholders, 6:10 Corporation to shareholder, tax avoidance purpose, 8:5 Gift loans, 5:41 Interest exclusion, ESOPs, securities acquisition 3:39 Nonrecourse, pledge of Section 306 stock, 13:14 Participants of qualified plans distributions, 3:45 prohibited transactions, 3:78 S corporation sareholders, 1:11 Section 36:10 Section 336:10 Section	generally, 14:15, 21:9 after liquidation, generally, 21:9 E reorganization characterization, 21:13 historical development 1939 Code, 21:10 1954 and 1986 Codes, 21:11 nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, 18:31 C reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	ders—Cont'd
after liquidation, generally, 21:9 E reorganization characterization, 21:13 historical development 1939 Code, 21:10 1954 and 1986 Codes, 21:11 nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, 18:31 C reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 21:12 Shareholders, 6:10 Corporation to shareholders, 6:10 Corporation to shareholder, tax avoidance purpose, 8:5 Gift loans, 5:41 Interest exclusion, ESOPs, securities acquisition 3:9 Nonrecourse, pledge of Section 306 stock, 13:14 Participants of qualified plans of distributions, 3:45 S corporation shareholders, 6:10 Corporation to shareholder, tax avoidance purpose, 8:5 Gift loans, 5:41 Interest exclusion, ESOPs, securities acquisition 3:9 Nonrecourse, pledge of Section 306 stock, 13:14 S corporation shareholders, 6:10 Corporation to shareholders, 6:10 Corporation to shareholders, 6:10 Corporation to shareholders, 6:10 Corporation to shareholders, 6:10 Corporation sh	after liquidation, generally, 21:9 E reorganization characterization, 21:13 F reorganization characterization, 21:13 historical development 1939 Code, 21:10 1954 and 1986 Codes, 21:11 nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, requirement B reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:7 Target after B reorganization, 18:31 Target a saffiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	
E reorganization characterization, 21:13 F reorganization characterization, 21:13 F reorganization characterization, 21:13 historical development 1939 Code, 21:10 1954 and 1986 Codes, 21:11 nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, 18:31 C reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target affer B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7	E reorganization characterization, 21:13 F reorganization characterization, 21:13 historical development 1939 Code, 21:10 1954 and 1986 Codes, 21:11 nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, requirement B reorganizations, 18:31 C reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferce, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 306 stock, exception, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:13 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	
F reorganization characterization, 21:13 historical development 1939 Code, 21:10 1954 and 1986 Codes, 21:11 nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, requirement B reorganizations, 18:31 C reorganizations, 18:31 C reorganizations, 18:45 sciffect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 15:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, apreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7	F reorganization characterization, 21:13 historical development 1939 Code, 21:10 1954 and 1986 Codes, 21:11 nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, requirement B reorganizations, 18:31 C reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 306 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	organization requirement, 18:45
historical development 1939 Code, 21:10 1954 and 1986 Codes, 21:11 nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, 18:31 C reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 306 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 333 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7	historical development 1939 Code, 21:10 1954 and 1986 Codes, 21:11 nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, requirement B reorganizations, 18:31 C reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	
Instituted veet replinent 1930 Code, 21:10 1954 and 1986 Codes, 21:11 nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, 18:31 C reorganizations, 18:31 C reorganizations, 18:45 S corporation generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 306 stock, exception, 13:19 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7	Instolical development 1939 Code, 21:10 1954 and 1986 Codes, 21:11 nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 306 stock, exception, 13:19 Section 306 stock, exception, 13:19 Section 306 stock, exception, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	ket loans, related parties, 5:41
1934 and 1986 Codes, 21:11 nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 15:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7	1939 Code, 21:11 1954 and 1986 Codes, 21:11 1964 and 1986 Codes, 21:11 1975 and 1986 Codes, 21:12 1987 series of transactions, single integrated plan, 21:10 Reorganizations, requirement B reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 306 stock, exception, 13:19 Section 306 stock, exception, 13:19 Section 306 stock, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	
in nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, requirement B reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 306 stock, exception, 13:19 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 332 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7	nondivisive D characterization, 21:12 series of transactions, single integrated plan, 21:10 Reorganizations, requirement B reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 306 stock, exception, 13:19 Section 306 stock, exception, 13:19 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	
corporation to shareholder, tax avoidance purpose, 8:5 series of transactions, single integrated plan, 21:10 Reorganizations, requirement B reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 306 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7	series of transactions, single integrated plan, 21:10 Reorganizations, requirement B reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 306 stock, exception, 13:19 Section 306 stock, exception, 13:19 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	
21:10 Reorganizations, requirement B reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 306 stock, exception, 13:19 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as a affiliated member, Section 338(h)(10) election, 16:7 Graph as a service, 18:45 Scific loans, 5:41 Interest exclusion, ESOPs, securities acquisition 3:9 Nonrecourse, pledge of Section 306 stock, 13:14 Participants of qualified plans distributions, 3:45 Prorbibited transactions, 3:78 S corporation shareholder employee, 24:12 treated as distributions, 3:45 Reorganizations, generally, 18:41 S corporation shareholders, 1:11 Section 7872, gift or demand loans, 5:41 Shareholders, passive loss rules, 5:33 Sole proprietors, 1:11 Split-dollar life insurance, 2:43 LODGING EXCLUSION See index heading MeALS AND LODGING EXCLUSION LOSS CORPORATIONS Continuity of business enterprise, 22:46 Historical development generally, 22:16 Section 382, 22:23 Section 382, 22:23 Section 382, 22:23 Section 382, 22:24 Comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	Reorganizations, requirement B reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	
Reorganizations, requirement B reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:3 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7	Reorganizations, requirement B reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	se, 8:5
B reorganizations, 18:31 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 336 election, 15:13 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate ledit retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:2 to 15:5 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7	B reorganizations, 18:45 C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	
C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 306 stock, exception, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 342 application generally, 12:4 Section 381, 22:2 Ownership change, Section 382, 22:24 Section 382, 22:23 Section 382, 22:24 Section 382, 22:24 Section 382, 22:24 Section 382, 22:25 Section 382, 2	C reorganizations, 18:45 effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3 Scion 36: Scion 7872 Scion 787	clusion, ESOPs, securities acquisition,
effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7	effect on basis to transferee, 18:65 waiver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	1 1 60 2 200 1 12 14
warver by service, 18:45 S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7	S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3 distribution s corporation treated as Qualified pla Reorganizati S corporatio read as Cualified pla Reorganizati S corporatio read as Cualified pla Reorganizati S corporation Section 7872 Shareholders Sole proprie Split-dollar l LODGING E2 See index he LOSS CORPO Continuity of Historical de generally, Section 38	
S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7	S corporations generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	
generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 306 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7	generally, 24:27 asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target after B reorganization, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	· ·
asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7	asset sale followed by liquidation, 24:29 governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	
governing rules, 20:36 Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Unustified plans to participants, 3:45 Reorganizations, generally, 18:41 S corporation shareholders, 1:11 Section 7872, gift or demand loans, 5:41 Shareholders, passive loss rules, 5:33 Sole proprietors, 1:11 Split-dollar life insurance, 2:43 LODGING EXCLUSION See index heading MEALS AND LODGING EXCLUSION See index deading MEALS AND LODGING EXCLUSION See index heading MEALS AND LODGING EXCL	Sales imputed to corporation, 14:13 Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	ž •
Section 306 stock, exception, 13:19 Section 306 stock, exception, 13:19 Section 306 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7	Section 306 stock, exception, 13:19 Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	•
Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 S corporation shareholders, 1:11 Section 7872, gift or demand loans, 5:41 Shareholders, passive loss rules, 5:33 Sole proprietors, 1:11 Split-dollar life insurance, 2:43 LODGING EXCLUSION See index heading MEALS AND LODGING EXCLUSION Continuity of business enterprise, 22:46 Historical development generally, 22:16 Section 382, 22:23 Section 382, 22:23 Section 382, 22:23 Section 382, 22:24 Cownership change, Section 382, 22:26 to 22:38 Recognized built-in gains, 22:44 Recognized built-in losses, 22:45 Section 382 application generally, 22:39 to 22:45 comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	Section 336 election, 15:13 Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	
Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Section 7872, gift or demand loans, 5:41 Shareholders, passive loss rules, 5:33 Sole proprietors, 1:11 Split-dollar life insurance, 2:43 LODGING EXCLUSION See index heading MEALS AND LODGING EXCLUSION Continuity of business enterprise, 22:46 Historical development generally, 22:16 Section 381, 22:2 Section 382, 22:23 Section 382, 22:23 Section 382, 22:23 Section 382, 22:24 UOSS CORPORATIONS Continuity of business enterprise, 22:46 Historical development generally, 22:16 Section 382, 22:23 Section 382, 22:23 Section 382, 22:23 Section 382, 22:23 Section 382, 22:24 Comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	Section 1060, allocation rules, 14:18 Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	• •
Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Shareholders, passive loss rules, 5:33 Sole proprietors, 1:11 Split-dollar life insurance, 2:43 LODGING EXCLUSION See index heading MEALS AND LODGING EXCLUSION Continuity of business enterprise, 22:46 Historical development generally, 22:16 Section 381, 22:2 Section 382, 22:23 Section 382 (old), 22:22 Ownership change, Section 382, 22:44 Recognized built-in losses, 22:45 Section 382 application generally, 22:39 to 22:45 comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	Series of distributions, 14:3 Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3 Shareholders Sole proprie Split-dollar 1 LODGING EX See index he LOSS CORPO Continuity of Historical de generally, Section 38 Section	
Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7	Split-up transactions, generally, 20:1 Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	•
Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Split-dollar life insurance, 2:43 LODGING EXCLUSION See index heading MEALS AND LODGING EXCLUSION Continuity of business enterprise, 22:46 Historical development generally, 22:16 Section 381, 22:2 Section 382, 22:23 Section 382 (old), 22:22 Ownership change, Section 382, 22:26 to 22:38 Recognized built-in gains, 22:44 Recognized built-in losses, 22:45 Section 382 application generally, 22:39 to 22:45 comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	Subsidiary corporation, Section 332, tax attributes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	-
butes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 LODGING EXCLUSION See index heading MEALS AND LODGING EXCLUSION See index heading MEALS AND LODGING EXCLUSION See index heading MEALS AND LODGING EXCLUSION See index heading MEALS AND LODGING EXCLUSION See index heading MEALS AND LODGING EXCLUSION See index heading MEALS AND LODGING EXCLUSION See index heading MEALS AND LODGING EXCLUSION See index heading MEALS AND LODGING EXCLUSION LOSS CORPORATIONS Continuity of business enterprise, 22:46 Historical development generally, 22:16 Section 382, 22:23 Section 382 (old), 22:22 Ownership change, Section 382, 22:26 to 22:38 Recognized built-in gains, 22:44 Recognized built-in losses, 22:45 Section 382 application generally, 22:39 to 22:45 comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	butes carryover, 22:4 Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3 LOSS CORPO Continuity of Historical degenerally, Section 38 Cownership of Recognized Section 382 generally, comparison Value of, det LOSS LIMITA Adjustments Consolidated Corporate of Section 314 of Section	
Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 See index heading MEALS AND LODGING EXCLUSION LOSS CORPORATIONS See index heading MEALS AND LODGING EXCLUSION See index heading MEALS AND LODGING EXCLUSION LOSS CORPORATIONS	Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	life insurance, 2:43
Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 See index heading MEALS AND LODGING EXCLUSION Continuity of business enterprise, 22:46 Historical development generally, 22:16 Section 381, 22:2 Section 382 (old), 22:22 Ownership change, Section 382, 22:26 to 22:38 Recognized built-in gains, 22:44 Recognized built-in losses, 22:45 Section 382 application generally, 22:39 to 22:45 comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	Subsidiary into parent generally, 15:1 carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	EXCLUSION
carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 LOSS CORPORATIONS Continuity of business enterprise, 22:46 Historical development generally, 22:16 Section 381, 22:2 Section 382 (old), 22:22 Ownership change, Section 382, 22:26 to 22:38 Recognized built-in gains, 22:44 Recognized built-in losses, 22:45 Section 382 application generally, 22:39 to 22:45 comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	carryover of tax attributes, 22:4 compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3 LOSS CORPO Continuity of Historical degenerally, Section 38 Value of, det Consolidated Consolidated Corporate education, 14:7 Financially of	neading MEALS AND LODGING EXCLUSION
compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Continuity of business enterprise, 22:46 Historical development generally, 22:16 Section 381, 22:2 Section 382 (old), 22:22 Ownership change, Section 382, 22:26 to 22:38 Recognized built-in gains, 22:44 Recognized built-in losses, 22:45 Section 382 application generally, 22:39 to 22:45 comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	compared to corporate liquidation, 14:16 distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	_
distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Historical development generally, 22:16 Section 381, 22:2 Section 382 (old), 22:22 Ownership change, Section 382, 22:26 to 22:38 Recognized built-in gains, 22:44 Recognized built-in losses, 22:45 Section 382 application generally, 22:39 to 22:45 comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	distributions, appreciated property, gain recognition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical de generally, Section 38 Section 38 Section 38 Recognized Section 382 generally, comparison Value of, det LOSS LIMITA Adjustments Consolidated Corporate ed series of distributions, 14:3	
nition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 generally, 22:16 Section 381, 22:2 Section 382 (old), 22:22 Ownership change, Section 382, 22:26 to 22:38 Recognized built-in gains, 22:44 Recognized built-in losses, 22:45 Section 382 application generally, 22:39 to 22:45 Comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	nition, 15:8 insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3 generally, Section 38 Section 38 Section 38 Recognized Section 382 generally, Comparison Value of, det LOSS LIMITA Adjustments Consolidated Corporate educations Financially of	-
insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Section 381, 22:2 Section 382, 22:23 Section 382 (old), 22:22 Ownership change, Section 382, 22:26 to 22:38 Recognized built-in gains, 22:44 Recognized built-in losses, 22:45 Section 382 application generally, 22:39 to 22:45 comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	insolvency, 15:10 intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3	-
intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Section 381, 22:22 Section 382 (old), 22:22 Ownership change, Section 382, 22:26 to 22:38 Recognized built-in gains, 22:44 Recognized built-in losses, 22:45 Section 382 application generally, 22:39 to 22:45 comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	intercorporate debt retirement, 15:9 redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3 Section 38 Cownership of Recognized Recognized Recognized Section 38 Value of, det Compariso Consolidated Corporate educations Financially of	
redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Section 382 (old), 22:22 Ownership change, Section 382, 22:26 to 22:38 Recognized built-in gains, 22:44 Recognized built-in losses, 22:45 Section 382 application generally, 22:39 to 22:45 comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	redemptions to pay death taxes, 11:29 Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3 Section 38 Section 38 Ownership of Recognized Recognized Section 382 Value of, det LOSS LIMITA Adjustments Consolidated Corporate education and the composition of the compos	
Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Section 332 requirements, 15:2 to 15:5 Ownership change, Section 382, 22:26 to 22:38 Recognized built-in gains, 22:44 Recognized built-in losses, 22:45 Section 382 application generally, 22:39 to 22:45 comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	Section 332 requirements, 15:2 to 15:5 Section 336 election, 15:13 Cownership of Recognized tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3 Ownership of Recognized Recognized Section 382 generally, comparison Value of, det LOSS LIMITA Adjustments Consolidated Corporate experies of distributions, 14:3	
Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Townsequences Recognized built-in gains, 22:44 Recognized built-in losses, 22:45 Section 382 application generally, 22:39 to 22:45 comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	Section 336 election, 15:13 tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3 Recognized Recognized Section 382 generally, compariso Value of, det LOSS LIMITA Adjustments Consolidated Corporate educations Financially of	
tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Recognized built-in losses, 22:45 Section 382 application generally, 22:39 to 22:45 comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	tax consequences generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3 Recognized Section 382 generally, compariso Value of, det LOSS LIMITA Adjustments Consolidated Corporate educations Financially of	
generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Recognized ount-in losses, 22:45 Section 382 application generally, 22:39 to 22:45 comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	generally, 15:6 liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3 Kecogmized Section 382 generally, compariso Value of, det LOSS LIMITA Adjustments Consolidated Corporate ed Financially of	<u> </u>
liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Section 332 application generally, 22:39 to 22:45 comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	liquidating corporation, 15:8 minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3 Section 362 generally, compariso Value of, det LOSS LIMIT Adjustments Consolidated Corporate ed Financially of	
minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 we generally, 22:39 to 22:49 comparison to other provisions, 22:49 Value of, determining limitation, 22:40 LOSS LIMITATIONS	minority shareholders, 15:7 Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3 LOSS LIMITA Consolidated Corporate eccentric series of distributions, 14:3	
Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Value of, determining limitation, 22:40 LOSS LIMITATIONS	Target after B reorganization, 18:31 Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3 Value of, det LOSS LIMITA Consolidated Corporate eccurations Financially of	
Target as affiliated member, Section 338(h)(10) election, 16:7 LOSS LIMITATIONS	Target as affiliated member, Section 338(h)(10) election, 16:7 Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3 LOSS LIMITA Adjustments Consolidated Corporate educations Financially of	
election, 16:7 LOSS LIMITATIONS	election, 16:7 Tax consequences	etermining limitation, 22:40
	Tax consequences corporation, 14:7 to 14:14 historical development, 14:6 series of distributions, 14:3 Adjustments Consolidated Corporate ed Financially of	FATIONS
Tax consequences Adjustments for certain gains, 22:44	corporation, 14:7 to 14:14 Consolidated historical development, 14:6 Corporate edseries of distributions, 14:3 Financially of	ts for certain gains, 22:44
	historical development, 14:6 series of distributions, 14:3 Corporate editorially of	_
	series of distributions, 14:3 Financially of	•
• • • • • • • • • • • • • • • • • • • •		= -
shareholders Historical development, 22:22	SHALCHOIDEIS HISTOFICAL DE	-
*		certain gains recognized, 22:44

LOSS LIMITATIONS—Cont'd	LOSSES—Cont'd
IRS authority to alter attributes	Nonrecognition, Section 351
generally, 22:16	generally, 4:7
scope of provision, 22:17	asset-by-asset determination, 4:16
Libson Shop doctrine, 22:52	Ordering rules of Section 382, 22:38
Long-term tax-exempt rate, 22:41	Ordinary or capital, generally, 5:12
NOL carryback limitation, 22:53	Partnership incorporation, 4:39
Passive activity loss limitations, 1:8	Preaffiliation losses, target's, consolidated return
Personal holding companies, 1:7	SRLY rules, 22:21
Postchange year amount defined, 22:24	Preferred stock dividends, 13:13
Post-termination transition period, S corpora-	Recognition upon incorporation, 4:32
tions, 24:16	Redemptions under Section 303, 11:20
Pre vs. postchange loss, 22:42	REITs, net built-in losses, 15:12
Recognition period, 22:44	RICs, net built-in losses, 15:12
Recognized built-in gains, 22:44	S corporations
Recognized built-in losses, 22:45	built-in gains tax imposed, 24:22
Regulatory authority, 22:48	related party transactions, 24:31
Related party transactions, 4:32	S Corporations, DOI income, 24:15
S corporations and shareholders	Section 306 stock disposition, 13:13
generally, 24:16	Section 382 ordering rules, 22:38
at-risk rules apply, 24:17	Section 1244 stock
passive loss rules apply, 24:18	generally, 5:18
related party transactions, 24:31	annual limitation amounts, 5:20
Section 269, generally, 23:16	definition of stock, 5:21 to 5:27
Section 382	Stock, generally, 5:13
generally, 22:23	Tracing of, Libson Shop doctrine, 22:52
compared to other provisions, 22:49	Worthless securities, generally, 5:14
portion of value, old corporation, 22:39	Worthless seediffies, generally, 2:14
Special rules, 22:47	MANAGEMENT STRUCTURE
Taxable income allocation, 22:42	Centralized management. See index heading
Unused Section 382 limitation, carries over,	CENTRALIZED MANAGEMENT
22:43	Classification of entity
LOCCEC	generally, 1:14
LOSSES	prior law, 1:13
See also index headings loss corporations; loss	Formalities of corporations, 1:2
LIMITATIONS	Member-managers. See index heading MEMBER-
Bad debt deduction, generally, 5:15	MANAGERS
Capital or ordinary, generally, 5:12	Multiple corporations, advantages, 23:2
Corporate shareholders, 5:16	
Debt	MANDATORY PAYMENT RIGHTS
generally, 5:14	Section 2701 valuation, 19:17
nonsecurities, 5:15	MARITAL TRUSTS
Deductibility	Stock redemptions, Section 303, liability for
at-risk rules, 1:7	expense payments, 11:16
choice of entity considerations, 1:6	
passive activity loss limitations, 1:8	MARKET DISCOUNT
Disposition of intangible assets, 14:21	Accrued, securities for stock exchange, 19:7
Disposition of stock and debt, 5:12	Bonds
Earnings and profits determination, disallowed	defined, 5:40
for income tax purposes, 6:6	exchanged in nonrecognition transaction, 5:40
Gross receipts test, Section 1244 stock, 5:27	historical development, Section 1276, 5:35
Incorporation, structured to recognize, 4:31	pre-1984 TRA treatment, 5:40
Intangible asset disposition, 14:21	Security for security exchanges
Limitations, in general, 5:18	generally, 19:15
Nonbusiness bad debt, 5:15	overview of exchanges, 19:12
•	\mathcal{E}^{-i}

MARKET DISCOUNT—Cont'd

Security for security exchanges—Cont'd rules

issuances prior to 1984, **19:13** 1984 original issue discount rules, **19:14** Stock for securities exchange, **19:8**

MATERIAL PARTICIPATION

Determination, passive loss limitations, **1:8** Passive loss rules generally, **5:30** investment interest limits, **5:31**

MEALS AND LODGING EXCLUSION

Generally, 2:16 to 2:21
Business premises of employer, 2:19
Convenience of employer, 2:20
Employee status, 2:17
In-kind requirement, 2:18
Planning considerations, 2:21

MEDICAL PLANS

See index heading accident and health plans

MEDICAL SAVINGS ACCOUNTS

Generally, 2:29

MEDICARE PRESCRIPTION DRUG IMPROVEMENT AND MODERNIZATION ACT

Health savings accounts, 2:30

MEMBER-MANAGERS

Limited liability companies generally, 1:14 prior law, 1:13

MERGERS

See also index headings a reorganizations; REORGANIZATIONS

Asset acquisitions, prior stock ownership, **21:5** Brother-sister combinations, **21:4**

C corporation into S corporation, LIFO recapture requirement, 21:21

Parent subsidiary combinations, 21:3 S corporations, governing rules, 20:36

METHODS OF ACCOUNTING

See also index heading accounting considerations Asset acquisitions

carryover to acquirer, 22:10 meaning of, 22:10

Cash method, limitations, 1:10

Clear reflection of income, 23:13 to 23:15

Limitations

cash method, 1:10 inventories, 1:10 tax shelters, 1:10

METHODS OF ACCOUNTING-Cont'd

Restrictions on use of cash method, service providers, **1:10**

MINIMUM TAX CREDIT

Alternative minimum tax, 1:5

MIRROR SUBSIDIARY TRANSACTIONS

Affiliated corporations transfers, **12:17** Historical background, **12:17** Liquidation, subsidiary into parent, **15:11** Section 304 transfers, **12:17** Technique examined, **15:11**

MOVING EXPENSES

Exclusion from gross income, 2:9

MULTIPLE CORPORATIONS

Generally, 23:1 to 23:16

See also index headings brother-sister controlled group; controlled group; parent subsidiary controlled group

Advantages of use

nontax considerations, 23:2 tax considerations, 23:3

Component member defined, 23:8

Constructive ownership rules, 23:7

Dividing multiple benefits, 23:9

Overview of restrictions, 23:4

Reallocating income and deductions

generally, 23:12

common control and ownership, 23:14

multiple entities used, 23:13

need to clearly reflect income, 23:15

Restrictions on multiple benefits

allocation among members

generally, 23:9

excluded stock, 23:6

Section 1561, generally, 23:5

Section 269 use, 23:11

Section 482 use. 23:12 to 23:16

NET CAPITAL GAIN

Accumulated earnings tax, adjustments to taxable income, 8:22

Personal holding company tax base, adjustments to taxable income, **9:20**

NET INVESTMENT INCOME

Gift loans, 5:41

NET OPERATING LOSSES

See also index headings loss corporations; TAX ATTRIBUTES

Accumulated earnings tax, adjustments to taxable income, 8:22

Alternative minimum tax, deduction for, 1:5

Brother-sister combinations, 21:4

NET OPERATING LOSSES—Cont'd Carryback of	NONDISCRIMINATION REQUIREMENTS —Cont'd
historical development, 22:2	Fringe benefits—Cont'd
limitations of Section 381, 22:5	Native Americans, 2:53
Carryover of	no-additional-cost services, 2:3
generally, 22:6	qualified employee discount, 2:4
historical development, 22:2	qualified tuition reduction, 2:12
integrated with acquirer's items, 22:7	Section 89, former requirements, 2:52
limited by Section 269, 22:16	Life insurance, group term coverage
ordering rules for Section 384, 22:51	generally, 2:37
restricted use, generally, 22:15	rules for key employees, 2:40
target, B reorganization, 18:20	Matching contributions, objective percentage test, 3:23
target, C reorganization, 18:34	Native Americans, 2:53
Corporate divisions, ownership change, limited	Planning considerations, medical plans, 2:28
by Section 382, 20:31 F reorganizations, Section 381 inapplicable,	Prior law, Section 89, 2:52
19:18	Qualified plans
Libson Shop doctrine, 22:52	CODAs, special rules, 3:25
Loss corporation survives merger, 21:4	contributions and benefits, 3:19
Personal holding company tax base, adjustments	forfeitures, allocations, 3:24
to taxable income, 9:20	matching contributions, 3:23
Prechange loss, defined, 22:38	"new comparable plans," 3:26
Proration, losses after change date, 22:42	Section 401(a)(4) regulations, 3:26
Restrictions on carryovers	self-dealing, 3:75
generally, 22:15	vesting, operation of plan, 3:28
Section 269, generally, 22:16	Section 89, former requirements, 2:52
Section 269, denial of carryovers	NONQUALIFIED DEFERRED
generally, 22:16	COMPENSATION PLANS
transactions qualifying, 22:18	Generally, 3:86
Section 384, ordering rules, 22:51	Employer deduction for contributions, 3:92
Section 1244 stock, limitations, 5:20 Target corporation	ERISA rules, applicability, 3:94
carryovers in B reorganizations, 18:20	Fiduciary responsibility standards, 3:94
carryovers in C reorganizations, 18:34	Gift and estate tax considerations, 3:93
Section 338 election use, 16:3	Income realization by employees, timing rules,
	3:87
NO ADDITIONAL COST SERVICES	Income realization to employee
Defined, 2:3	generally, 3:88
NONBUSINESS ASSETS	constructive receipt doctrine, 3:89
Loss corporation, Section 382, value determina-	economic benefit doctrine, 3:90
tion rules, 22:40	Rabbi trust, benefit of choice
NONDISCRIMINATION REQUIREMENTS	generally, 3:110
Fringe benefits	example, 3:90 Section 409A, treatment of nonqualified
generally, 2:1	compensation plans under, 3:91
cafeteria plans, 2:48	Selection considerations
collective bargaining agreements, 2:48	generally, 3:107
company-owned eating facility, 2:6	advantages, 3:108
dependent care assistance programs, 2:44	disadvantages, 3:109
educational assistance programs, 2:45	supplement to a qualified plan, 3:110
health care coverage	Tax aspects, funded vs. unfunded plans, 3:87
cafeteria plans, 2:48	Unfunded agreements, 3:90
self-insured plans, 2:25	
life insurance, group term	NONRECOGNITION PROPERTY
generally, 2:37	Basis, allocated among properties
rules for key employees, 2:40	corporate divisions, 20:34

NONRECOGNITION PROPERTY—Cont'd OPTIONS—Cont'd Attribution rules—Cont'd Basis, allocated among properties—Cont'd reorganizations, generally, 18:69 personal holding company stock, 9:5 restructuring transactions, 19:29 redemptions under Section 302, 10:3 Boot receipt, Section 306 stock, 13:20 Section 382 application, 22:30 Corporate divisions, basis to shareholder stock options treated as exercised, 22:30 distributee, 20:34 Exercise treatment, 22:30 Formation of corporation Small business corporation stock, capital gains allocate basis among property, 4:26 exclusion, 1:4 basis determination, generally, 4:1 Stock or other property, Section 305 stock dividends, 7:4 disproportionate receipt, 4:6 policy underlying nonrecognition, 4:10 ORGANIZATION OF CORPORATION services and other property, 4:4 Reclassification of interest, 5:3 transferor's basis, 4:26 ORIGINAL ISSUE DISCOUNT (OID) Receipt required, imputed interest provisions, 19:8 Generally, 5:34 Reorganizations Accrual vs. cash method of reporting, 5:37 generally, 18:1 Applicability of Section 483 or 1274, 5:38 basis of property, shareholders, 18:69 Contingent stock rights, debt instrument treatboot property receipt, 18:68 ment, 21:15 Restructuring transactions Determination of amount, 5:39 basis of property, shareholders, 19:29 Escrow stock transactions, 21:16 boot property receipt, 19:28 High-yield discount obligations, 5:42 Section 306 stock exception, 13:20 Historical development Section 354, generally, 18:66 generally, 5:35 NONRECOURSE DEBT close corporation context, 5:36 At-risk rules, 1:7 securities exchanges, 19:13 Qualified nonrecourse financing, 1:7 Lowest three month rate, defined, 5:39 Section 306 stock pledges, disposition determina-Market discount, 5:40 tion, 13:14 Nongift term loans, Section 7872, 5:41 Personal holding company income, 9:10 ONE CLASS OF STOCK Section 1274 vs. Section 483 S Corporation rules, 24:6 generally, 5:37 OPEN TRANSACTION TREATMENT application, 5:38 Liquidations, 14:2 Securities for stock exchange, 19:7

OPERATING ASSETS

Retention in C reorganizations, **18:34**Separate from fixed assets, limit liability of entity, **1:2**

OPERATING COMPANIES

F reorganizations, prior law generally, **19:19** overlap with type D, **19:2** Section 303 redemption, planning, **11:30**

OPERATING CYCLE OF BUSINESS

Accumulation of earnings and profits, working capital requirements, **8:12**

OPERATING SYSTEMS

Intangible assets, defined, 14:20

OPTIONS

Attribution rules acquisition of loss corporations, **22:30** collapsible corporation stock, **17:11**

Stock for securities, 19:8 OWNER EMPLOYEES

generally, **19:12**

Security for security exchanges

interest arrearages, 19:11

cash method reporting election, 19:14

compared to market discount, 19:15

issuances prior to 1984, 19:13

Benefit plan selection, **3:97**Dealing with benefit plan, fiduciary duties, **3:78**Loans to owner-employees, **3:13, 3:14**Older owners, choice of plan, **3:99**Younger owners, choice of plan, **3:99**

1984 original issue discount rules, 19:14

OWNERSHIP

rules

Change in ownership. See index heading owner-SHIP CHANGES

PARENT CORPORATIONS—Cont'd OWNERSHIP—Cont'd Constructive ownership. See index heading Consolidated returns CONSTRUCTIVE OWNERSHIP lonely parent rule, 22:21 Employees. See index heading owner EMPLOYEES reverse acquisition rules, 22:21 Interest. See index heading INTEREST OWNERSHIP Corporate division, non-D reorganization, tax attributes, effect on, 20:31 Split dollar life insurance, 2:43 Stock Divisive D distributions, tax results affiliated corporations, defined, 5:16 generally, 20:22 recapture, investment tax credit, 20:25 collapsible corporations, exception to application, 17:11 subsidiary assumes liabilities, 20:24 tax attributes, limited effect on, 20:27 **OWNERSHIP CHANGES** transfers to controlled subsidiary, 20:23 Generally, 22:26 Liquidation of subsidiaries Abusive principal purpose, 22:30 generally, 15:2 Amortization of intangibles basis in property received, 15:5 generally, 14:19 to 14:22 cancellation of indebtedness, 15:9 definition of intangibles, 14:20 eighty percent ownership test, 15:3 disposition of intangibles, 14:21 insolvent subsidiary, 15:10 nonrecognition transactions, 14:22 intercorporate debt retirement, 15:9 Application of Section 382, 22:39 to 22:45 Membership in affiliated group, S corporation Attribution rules, modified, 22:30 status, 21:19 Change date, defined, 22:38 Mirror subsidiary transactions, 15:11 Consolidated returns, 22:21 Net operating loss carryovers, 22:21 Equity structure shift, defined Reorganizations generally, 22:32 generally, 18:47 aggregation and segregation, 22:33 basis in stock in subsidiary, 18:65 proportional acquisition rule, 22:34 S corporations, corporate divisions, 20:36 Financially distressed corporations, 22:47 Section 336 election, 15:13 Stock sale to subsidiary Five percent shareholder, defined generally, 12:7 generally, 22:27 control requirement, 12:8 owner shift involving, 22:31 effect of dividend treatment, 12:10 policy behind use, 22:32 effect of exchange treatment, 12:9 Holding company formation, 22:36 Target corporation, affiliated member, Section Indebtedness for interest, 22:47 338(h)(10) election, **16:7** Loss ordering rules, 22:38 Triangular reorganizations Multiple transactions, 22:34 A, statutory merger Nonstock treated as stock, 22:29 generally, 18:48 Option attribution rules, 22:30 no stock of subsidiary used, 18:52 Owner shift, special rules, transactions not surviving corporation, 18:49 considered, 22:31 B, stock for stock, 18:30 Postchange year, defined, 22:38 C, stock for assets, 18:44 Prechange losses, defined, 22:38 PARENT SUBSIDIARY CONTROLLED Section 382, introduction **GROUP** generally, 22:23 See also index headings brother-sister conoverview of statute, 22:24 TROLLED GROUP; CONTROLLED GROUP; MULTIPLE Section 382 (old), background, 22:22 CORPORATIONS Special rules, aggregation and segregation, 22:33 Asset acquisitions, prior stock ownership, 21:5 Stock disregarded, 22:29 Component members, defined, 23:8 Testing period, 22:37 Constructive stock ownership, 23:7 Value of stock determines percent, 22:28 Defined, 23:5 Worthless stock deduction as. 22:35 Dividing multiple benefits, 23:9 PARENT CORPORATIONS Excluded stock, Section 1561, 23:6 See also index heading subsidiaries Reorganizations involving, 21:4 Asset acquisitions, prior stock ownership, 21:5 Restrictions on use, generally, 23:4

PARKING	PARTNERSHIPS—Cont'd
Fringe benefit treatment, 2:5 Qualified transportation fringes, 2:8	Nonrecognition transfers, intangible asset basis, 14:22
PARTNERS	Overview of tax attributes, 1:1
Attribution rules, personal holding company	Personal liability of partners, 1:2
stock, 9:5	S corporations as partners
C corporation, accrual accounting method	built-in gains or losses, 24:22
required, 1:10	permitted form of business, 24:4
Corporations, transactions with partnership,	Section 1244 stock, losses, 5:19 Stock distribution, avoid General Utilities repeal,
15:12	15:12
Employee characterization, Section 132 fringe	Tax consequences of incorporation, 4:39
benefits, 2:11	Tax rates, 1:3
Group term life insurance benefits, exclusion for employees only, 2:36	Taxable year, selection, exceptions to required
Incorporation, tax consequences, 4:39	year, 1:9
Loss treatment, Section 1244 stock, 5:19	Taxation of business income, 1:3
Passive activity loss limitations, 1:8	Transferability of interests, 1:2
Section 1244 stock losses, 5:19	Waiver of family attribution rules, 10:6
,	PARTY TO REORGANIZATION
PARTNERSHIPS Accrual method required, 1:10	Continuity of interest issues, 18:7
Advantages and disadvantages, 1:12	Restructuring transactions, 19:23
Alternative minimum tax, 1:5	Target corporation
Attribution rules	A reorganization, 18:14
personal holding company stock, 9:5	B reorganization, 18:20
redemptions under Section 302, 10:3	Triangular B reorganizations, 18:30
waiver of family attribution, 10:6	Triangular C reorganizations, 18:44
C corporation as partner, accrual method of	PASSIVE ACTIVITY
accounting, 1:10	Aggregation of activities, 1:8
Check-the-box regulations, 1:14	Avoidance of classification, 5:30
Choice of entity considerations, 1:1	Credit limitations, 1:8
Classification of entity	Defined, 5:30
generally, 1:14	Elections, 1:8
prior law, 1:13	Loss limitations, 1:8
Continuity of life, 1:2 Conversion of C corporations, 1:12	Multiple activities, 1:8
Corporate property used by shareholder/partner,	Rental activities, 1:8
personal holding company income, 9:16 Distributions treated as redemptions, 15:12	PASSIVE ACTIVITY LOSS LIMITATIONS Generally, 1:8
Fringe benefit plans	PASSIVE INCOME OR LOSS
generally, 2:1	Debt held by shareholder-creditor, 5:2
not available to partners, 1:11	Investment income. See index heading PASSIVE
Incorporation method selection, 4:39	INVESTMENT INCOME
Incorporation under Section 351	Nature of gain or loss, generally, 5:12
generally, 4:34	Passive activity loss limitations, 1:8
accounting method and elections, 4:35	Rental income excluded from, 1:8
depreciation recapture, 4:36	Rules. See index heading PASSIVE LOSS RULES
tax benefit rule, application, 4:38	S corporation
transfer of income rights, 4:37	passive loss rules apply, 24:18
Intangible assets, basis determination, 14:22	personal holding company avoidance, 9:25
Investors, attracting, 1:2 Limited partnerships. See index heading LIMITED	PASSIVE INVESTMENT INCOME
PARTNERSHIPS PARTNERSHIPS	S corporations
Loss treatment, generally, 5:18	defined, 24:9
Losses, deductibility, 1:6	excess, tax imposed, 24:24
Management structure. 1:2	pass through to shareholders, 24:14

PERSONAL HOLDING COMPANIES (PHC) PASSIVE INVESTMENT INCOME—Cont'd S corporations—Cont'd —Cont'd Income test—Cont'd termination required, 24:9 adjusted ordinary gross income PASSIVE LOSS RULES generally, 9:8 Capital structure considerations mineral, oil and gas royalties, 9:12 C corporations, 5:32 ordinary gross income, 9:7 S corporations, 5:33 Liabilities assumed, Section 304, 12:14 Classification at corporate level, 5:33 PHC income defined Debt financed stock purchases, 5:33 generally, 9:9 Investment interest limits, 5:31 active computer software royalties, 9:11 Material participation, management services, annuities, 9:10 copyright royalties, 9:13 Material participation tests, 5:30 dividends, 9:10 Self charged interest, 5:33 estate income, 9:18 Self-charged fees, management fees, 5:31 interest, 9:10 Suspended losses, S corporations, 5:30 mineral, oil and gas royalties, 9:12 PASS-THROUGH ENTITIES personal service contracts, 9:17 produced film rents, 9:15 Capital gains exclusion, 1:4 rents, 9:14 **PENALTIES** royalties Accumulated earnings tax, 8:1 to 8:24 generally, 9:10 Personal holding company tax, 9:1 to 9:25 active computer software, 9:11 Qualified plans, noncompliance copyright royalties, 9:13 coverage, 3:19 mineral, oil and gas, 9:12 early distribution, exceptions, 3:48 trust income, 9:18 fiduciary standards, 3:71 use of corporate property, 9:16 Section 7519 required payments, 24:11 Redemption to pay death taxes, use, 11:29 Stacked penalties, 3:80 S corporation election, 9:25 Section 303 qualification, use of, 11:29 PENSION BENEFIT GUARANTY Section 306 stock. 13:9 CORPORATION Section 351 vs. Section 304 Generally, 3:81 generally, **12:12** Insurance required, qualified plans historical background, 12:13 generally, 3:82 priority of Section 304, 12:14 effect of coverage, 3:84 Section 304 precedence, 12:15 notification requirements, 3:85 Stock transfers, Section 351 vs. Section 304, plans required to be covered, 3:83 12:12 to 12:16 Tax attributes carryover, acquisitions, 22:14 PENSION PLANS Tax base, undistributed PHC income See index heading qualified pension and profit generally, 9:19 SHARING PLANS adjustments to taxable income, 9:20 PERSONAL HOLDING COMPANIES (PHC) dividends paid deduction generally, 9:22 Generally, 9:1 deficiency dividend procedure, 9:24 Acquisition indebtedness, 12:14 liquidation distributions, 9:23 Attribution rules, stock ownership, 9:5 qualified indebtedness retirement, 9:21 Deficiency dividend procedure, 9:24 Defined PERSONAL SERVICE CORPORATIONS generally, 9:2 Cash method of accounting permitted, qualified income test, 9:6 PSC, 1:10 stock ownership test, 9:4 Defined, 1:8 Exempt corporations, 9:3 Defined for passive loss rules, 5:30 Incorporation under Section 351 Historical background, 9:1 generally, 4:34 Income test accounting method and elections, 4:35 generally, 9:6

PERSONAL SERVICE CORPORATIONS —Cont'd

Incorporation under Section 351—Cont'd depreciation recapture, 4:36 tax benefit rule, application, 4:38 transfer of income rights, 4:37 Material participation determined, 5:30

Passive activity loss limitations, 1:8

Personal holding company income, personal service contracts, 9:17

Tax rates, 1:3

Taxable year, selection, exceptions to required year, **1:9**

PHANTOM STOCK

S corporations, permissible stock, 24:6

See index heading Personal Holding Companies

PLAN OF INCORPORATION

Section 1244 stock, requirements generally, 5:25 recordkeeping requirements, 5:29

PLANNING TECHNIQUES AND CONSIDERATIONS

Accident and health plans, 2:28

Bequests, specific monetary, stock disqualified, 11:3

Capital structure considerations

C corporations, **5:32**

S corporations, 5:33

Compensation of employees, 3:34

Meals and lodging benefits, 2:21

Nonqualified plans, selection considerations, 3:107 to 3:110

Operating assets separate from fixed, limit liability of entity, 1:2

Partial liquidations, advance rulings, 10:10

Personal holding companies, redemptions to pay death taxes, 11:29

Qualified plans, selection considerations, 3:95 to 3:110

Redemption to pay death taxes

alternate date estate valuation, 11:31

attribution rules inapplicable, 11:28

holding companies, use of, 11:29

interest on deferred taxes, 11:15

intervivos transfers, 11:27

liability for payments, 11:16

operating companies, use of, 11:30

timing of redemption, 11:17 to 11:19

Reorganizations

circumvent nontax problems, 18:47 loans to target corporation, 18:41 triangular A mergers, 18:47

PLANNING TECHNIQUES AND CONSIDERATIONS—Cont'd

S corporations

excess passive investment income, 24:24

sale of stock, 24:30

Section 303 qualification, 11:26 to 11:31

Section 355 distributions, corporate business purposes, 20:6

Section 2036(c), freeze techniques, 19:17

PORTFOLIO INCOME OR LOSS

Debt held by shareholder-creditor, 5:2 Nature of gain or loss, generally, **5:12**

PREFERRED STOCK

Bailouts. See index heading PREFERRED STOCK BAILOUTS

Boot characterization, 20:33

Brother-sister combinations, 21:4

Callable at a premium, constructive distribution treatment, 7:11

Compared to debt issuances, **5:2**

Convertible preferred stock, disproportionate distribution, 7:13

Debt-like characteristics, 4:8

Dilution of conversion right, 7:9

Discount factor on issuance, constructive distribution, 7:12

Distributions on, 7:10

Dividend arrearages, stock for stock recapitalization, **19:6**

Increase in proportionate interest, constructive distribution, 7:14

Redemption premiums

constructive distributions, 7:11

recapitalization issuance, 7:12

Redemption to pay death taxes, 11:5

Section 306 stock, transactions of related parties, 12:16

Section 351(g), characterized as boot, 4:8

Stock dividends

exception to nontaxability, 7:3

nontaxable, Section 306 stock, 13:4

Voting, convertible, B reorganizations, 18:23

PREFERRED STOCK BAILOUTS

Generally, 13:1, 13:2

Basis of stock

allocation between holdings, 13:12

recovery of basis rules, 13:15

transferred or substituted, 13:10

Cash substitution test, 13:7

Definition, Section 306 stock

generally, 13:3

modification of stock terms, 13:11

nontaxable stock dividend, 13:4

receipt in, 13:6 to 13:8

PREFERRED STOCK BAILOUTS—Cont'd	PROFIT SHARING PLANS
Definition, Section 306 stock—Cont'd	See index heading qualified pension and profit
stock exchanged for 306 stock, 13:8	SHARING PLANS
stock rights, 13:11	PROFITS
Dispositions	See index heading EARNINGS AND PROFITS (E&P)
generally, 13:13	
calculation problems, 13:15	PROHIBITED INTEREST IN COMPANY
defined, 13:14	Attribution rules, complete redemption
Earnings and profits calculation	redeemed entity interest, 10:6
dispositions of stock, 13:15	redeemed individual interest, 10:5
redemptions by issuer, 13:16	Waived family attribution rules
Exceptions	redeemed entity interest, 10:6
generally, 13:17 to 13:22	redeemed individual interest, 10:5
generally	PROHIBITED TRANSACTIONS
common stock dividends, 13:4	Generally, 3:76
complete liquidation, 13:19	Between plan and party in interest, 3:77
conversion or other rights, 13:11	Disqualified persons of Keogh plans, 3:13
no earnings and profits, 13:5	ESOPs
no tax avoidance, 13:21	corrections, 3:9
nontaxable exchanges, 13:20	excessive contributions, 3:9
termination of interest, 13:18	ESOPs exempted from certain rules, 3:9
Gifts of stock, 13:14	Exceptions to prohibition, 3:78
Historical background, 13:1	Excise tax imposed on amount, 3:80
Holding company transfers	Limitation, holding employer assets, 3:79
generally, 12:16	Modified for ESOP transactions, 3:104
stock receipt upon formation, 13:9	Pension Protection Act of 2006, 3:2
Jobs and Growth Tax Relief Reconciliation Act,	Self-dealing by fiduciary, 3:75
13:2	PROPERTY
Liquidation of corporation, 13:19	Basis, subsidiary to parent liquidation, 15:5
Nontaxable exchanges, 13:20	Brother-sister transactions, 12:6
Redemptions, effect to shareholders, 13:16	Collapsible corporation assets
Reorganizations, stock receipt	generally, 17:5
generally, 13:6	purchased assets, 17:6
dividend effect, 13:7	subsection (e) assets, 17:12
306 stock exchanged, 13:8	subsection (f) assets, 17:13
S corporation application, 13:22	Contributed in capital formation, Section 1244
Sale vs. redemption of tainted stock, 13:5	stock determination, 5:24
Section 304 relationship, 12:16	Debt instruments issued for, unstated interest,
Tax consequences to shareholders, 13:13	5:38
Termination of interest, 13:18	Defined, Section 317, 11:4
,	Formation of corporation, transfers
PRESUMPTIONS	generally, 4:2
Accumulated earnings tax, presumption of pro-	asset-by-asset, determining gain, 4:16
scribed purpose, 8:6	defined, 4:3
Accumulation of income, presumption of tax	income rights transferred, 4:37
avoidance, 8:2	Holding periods, Section 351
Collapsible corporations, presumption of collapsible 17,10	transferee, 4:29
ibility, 17:10	transferor, 4:28
Liquidations, tax avoidance purposes, 14:11	Parent subsidiary transactions, 12:11
PRICING	Redemption to pay death taxes
Section 482 regulations, 23:16	generally, 11:6
	installment notes, 11:7
PRIOR LAW	Sale of appreciated property, corporate/personal
See index heading historical development	spread, effect, 4:32

PROPRIETARY INTERESTS Reorganizations, continuity of interest regulations, 18:9	QUALIFIED PENSION AND PROFIT SHARING PLANS—Cont'd Classification of plan—Cont'd
QUALIFIED CONTRIBUTIONS Automatic contributions, 3:9	target benefit plan, 3:10 top heavy plans, 3:29 Compensation, reasonableness, 3:34
QUALIFIED DOMESTIC RELATIONS ORDER (QDRO) Pension and profit sharing plans generally, 3:30 tax-free rollover treatment, 3:42	Compensation deduction limit, 3:35 Compensation definitions, 3:35 Consolidation of plan assets, 3:30 Contribution limitations generally, 3:27
QUALIFIED EMPLOYEE DISCOUNT Excludable fringe benefit, 2:4	cash or deferred arrangements, 3:12 Contributions, timing of, 3:31 Corrections, transfers of plans, 3:18
QUALIFIED PENSION AND PROFIT SHARING PLANS Generally, 3:3 Acquisition of employer assets, 3:79 Actual deferral percentage, 3:25 Administration of plan generally, 3:60 disclosure requirements, 3:61 to 3:65 fiduciary responsibility standards, 3:70 to 3:80 reporting requirements, 3:66 to 3:69 termination insurance, 3:81 to 3:85	Coverage, common-law employees, 3:19 Coverage requirements participation requirements, 3:17 restricted coverage, 3:19 Cross-testing of plans, 3:26 Deduction for employer contributions, 3:31 to 3:39 Deferred compensation, generally, 3:1 Deferred compensation plans, nonqualified, 3:86 to 3:94
Age distribution of employees, 3:106 Aggregation of contributions, 3:12 Alienability restrictions, 3:30 Alternative minimum funding standard, 3:31 Amendments to plan, vesting requirements, 3:28 Annuity, benefits payable as generally, 3:30 amount excluded from income, 3:43 individual retirement annuities, 3:52 Average benefit percentage test, 3:19 Benefit limitations, 3:27 Benefit payments, commencement, 3:30 Cash or deferred arrangements (CODAs) election in connection with SEPs, 3:55 selection considerations, 3:100 Choice of entity considerations, 1:11 Classification of plan	Defined benefit plans accrued benefit, 3:28 active status determination, 3:53 deductible contributions, 3:36 defined for classification, 3:4 excess plans, 3:22 factors weighing in selection, 3:106 individual account plan, 3:6 insurance requirements, 3:83 integration rules, 3:22 minimum funding requirements, 3:22 offset plans, 3:22 Pension Protection Act of 2006, 3:2 restrictions on annual additions, 3:27 top heavy plans, minimum benefits, 3:29 Defined contribution plans accrued benefit, 3:28
generally, 3:4 to 3:15 cash or deferred arrangements (CODAs), 3:12 employee stock ownership plans (ESOPs), 3:9 HR 10 plans, 3:13 individual account defined benefit plans, 3:6 Keogh plans, 3:13 money purchase pension plans, 3:10 pension plans, 3:5 profit sharing plans, 3:7 qualified equity grants, 3:15 Section 401(k) plans, 3:12 stock bonus plans, 3:8 subchapter S plans as Keogh plans, 3:14	active status determination, 3:53 cash or deferred arrangements, 3:12 close corporations considerations, 3:99 deductible contributions, 3:35 defined for classification, 3:4 factors weighing in selection, 3:98 insurance requirements, 3:83 integration rules, 3:21 money purchase pension plans, 3:10 profit sharing plans, 3:7 restrictions on annual additions, 3:27 stock bonus plans, 3:8 Disaggregation, 3:26

QUALIFIED PENSION AND PROFIT	QUALIFIED PENSION AND PROFIT
SHARING PLANS—Cont'd	SHARING PLANS—Cont'd
Disclosure requirements, generally	ERISA compliance requirements
accrued benefits, 3:65	generally, 3:60
amendments or modifications, 3:64	termination insurance, effect, 3:84
annual report summary, 3:63	Estate tax imposed, 3:50
certain plans exempt, 3:61	Excess aggregate contributions, distribution
forward averaging, 3:64	required, 3:23
plan description summary, 3:62	Excise tax imposed
rollover distributions, 3:64	amounts includable in income, 3:50
upon specific request, 3:65	disposition of Section 133 stock, 3:9
Distributions from plans	disposition of securities by ESOP, 3:9
generally, 3:40	ESOP transactions, 3:9
annuity treatment, 3:43	excess contributions, 3:23
death of plan participant, 3:47	excessive distributions, 3:50
determination of taxable portion, 3:41	failure to distribute, 3:48
early distributions, penalty, 3:48	funding deficiencies, 3:31
employer securities, 3:44	money purchase pension plans, 3:10 overfunding, 3:39
excessive distributions, 3:50	prohibited transactions, imposed on amount
five-year income averaging device, 3:41	involved, 3:80
installment payment options, 3:43	underfunded qualified plans, 3:31
loans to participants, prohibited transactions, 3:45	Family aggregation rules, 3:19
lump sum distributions, 3:41	Fiduciary breach, 3:71
mandatory distribution, 3:46	Fiduciary standards
minimum required distributions, 3:49	generally, 3:70
premature distributions, 3:48	affirmative actions of fiduciary, 3:73
tax-free rollovers, 3:42	bonding required, amount, 3:71
trustee-to-trustee transfers, 3:42	definitions, 3:72
Early-retirement elections, levies, 3:30	delegation of responsibility, 3:74
Elections, rollovers, 3:41	employer assets held by plan, 3:79
Employee contributions, minimum vesting, 3:28	labor provisions, generally, 3:71
Employee stock ownership plans	named fiduciary, defined, 3:72
generally, 3:9	penalties for noncompliance, 3:71
capital financing technique, 3:103	personal liability for losses, 3:71
closely held corporations, 3:105	prohibited transactions
dilution of control of corporation, 3:105	generally, 3:76
insurance requirements, 3:83	between plan and party, 3:77
limitation on employer deductions, 3:38	exceptions to prohibition, 3:78
loans to plan, 3:78	personal liability of fiduciary, 3:80
plan amendments, special rule, 3:28	self-dealing, 3:75
providing market for stock, 3:104	tax imposed on amount involved, 3:80
restrictions on annual additions, 3:27	trustees administering plan, 3:74
survivor-benefit annuity, 3:30	Five-year averaging, 3:41
Employer assets held by plan, 3:79	Forfeitures, nondiscrimination, 3:24
Employer contributions	Former employees, 3:19
compensation deduction limit	Full funding limitation, 3:31
generally, 3:35	Funding standards, 3:31, 3:32
ESOPs, 3:38	Hardship distributions, Section 401(k) plans,
multiple plans, 3:37	3:12
pension and annuity plans, 3:36	Highly compensated employee
deductibility, generally, 3:33	generally, 3:19
excise tax on overfunding, 3:39	excess distributions, 3:27
preretirement vesting, 3:28	Individual account plans
reasonable compensation standard. 3:34	insurance requirements. 3:83

QUALIFIED PENSION AND PROFIT SHARING PLANS—Cont'd	QUALIFIED PENSION AND PROFIT SHARING PLANS—Cont'd
Individual account plans—Cont'd	Nonqualified deferred compensation, 3:86 to
vesting requirement, 3:6	3:94
Individual retirement accounts	Normal retirement benefit, vesting, 3:28
generally, 3:51 to 3:54	Officers, determination, 3:29
rollover from a qualified plan, 3:42	Owner-employee dealing with plan, 3:78
Insurance required on plan	Partial rollover treatment, 3:42
generally, 3:81	Participation, contribution tables, 3:23
effect of coverage, 3:84	Party in interest, defined, 3:72
notification requirements, 3:85	Penalties for noncompliance
pension benefit guaranty corporation, 3:82	coverage requirements, 3:19
plans required to be covered, 3:83	early distributions, 3:48
Integration with Social Security	fiduciary standards, 3:71
cost, methods to reduce, 3:99	Pension Protection Act of 2006, generally, 3:2
defined benefit plans, 3:22	Planning considerations, compensation of
defined contribution plans, 3:21	employees, 3:34
eliminated for CODAs, 3:25	Prohibited transactions
Investment authority, 3:74	generally, 3:76 to 3:80
IRAs, rollovers, 3:41	corrections, 3:17
Joint and survivor annuity, 3:30	disqualified persons, Keogh plans, 3:13
Key employees, defined	ESOPs exempted from certain rules, 3:9
generally, 3:29	modified for ESOP transactions, 3:104
denied interest deduction, loans, 3:45	reimbursements, 3:30
Lien on employer assets, underfunded plan, 3:31	QTIPs, distributions, 3:47
Life insurance, incidental to plan, 2:42	Qualification, QDROs, 3:30
Liquidity shortfall, 3:30	Qualification requirements
Loans to participants	contribution limitations, 3:27
exception, prohibited transactions, 3:78	coverage of employees, 3:19
S corporation shareholder-employee, 24:12	exclusive-benefit rule, 3:17
treated as distributions, 3:45	liquidity, 3:30
Lump-sum distributions, 3:41	minimum funding requirements, 3:31, 3:32,
Matching contributions, 3:23, 3:28	3:36
Merger of plan assets, 3:30	miscellaneous requirements, 3:30
Minimum contributions, 3:29	nondiscrimination of plan, 3:20 to 3:26
Minimum distribution rules, 3:49	nondiversion of trust assets, 3:16, 3:18
Minimum funding requirements, 3:31, 3:32, 3:36	participation requirements, 3:17
Minimum participation and coverage, 3:19	participation standards, 3:19
Multi-employer plans, vesting, 3:28	permanency of plan, 3:17
Multiple plans, annual benefit limitation, 3:37	top-heavy plans, 3:29
Named fiduciary, defined	vesting requirements, 3:28
generally, 3:72	Qualified domestic relations order
substantial liability exposure, 3:74	generally, 3:30
Negative elections, 3:12	tax-free rollover treatment, 3:42
Nondiscrimination	Rapid funding standard, 3:31
generally, 3:20	Ratio percentage test, 3:19
benefits, 3:26	Reporting requirements
contributions, 3:26	generally, 3:66
forfeitures, 3:24	actuarial reports, 3:68
integration plans	certain plans exempt, 3:61
defined benefit plans, 3:22	integrated form of reporting, 3:69
defined contribution plans, 3:21	IRS, annual registration statement, 3:68
matching contributions, 3:23	Labor Department, annual reports, 3:67
Section 401(k) plans, CODAs, 3:25	merger into another plan, 3:68
self-dealing by participant, 3:75	Pension Benefit Guarantee Corporation, 3:84
sem dealing of participant, 5.75	1 onoron Denem Guarantee Corporation, 5.04

OLIA I JEJED DENCION AND DDOELT	OLIAT IELED DENCION AND DDOELT
QUALIFIED PENSION AND PROFIT SHARING PLANS—Cont'd	QUALIFIED PENSION AND PROFIT SHARING PLANS—Cont'd
Reporting requirements—Cont'd	Termination insurance—Cont'd
termination of plan, 3:68	effect of coverage, 3:84
Risk of investment in plan, 3:6	notification requirements, 3:85
Roll-overs, 3:12	pension benefit guaranty corporation, 3:82
Rollovers	plans required to be covered, 3:83
averaging, 3:41	Top heavy plans
IRAs, 3:41	generally, 3:29
nonqualified, 3:41	retroactive corrections, 3:30
spousal rights, 3:30	Transfer of plan assets, 3:30
tax free, 3:42	Underfunded plan
S corporations, shareholder employees, 24:12	excise tax imposed, 3:31
Safe harbor percentage, 3:19	lien on employer assets, 3:45
Same-desk rule, 3:12	Unreasonable compensation, allocations, 3:34
Section 415 limitations, 3:27	Valuation dates, minimum funding requirements,
Selection considerations	3:31
generally, 3:95	Vesting requirements, generally
CODAs, 3:100	break in service, 3:28
corporate objectives, 3:96	cost, methods to reduce, 3:99
corporate plans vs. Keogh plans, 3:97	partial terminations, 3:28
cost, methods to reduce, 3:99	participation standards, exception, 3:19
defined benefit plans, 3:106	profit sharing plans, 3:6
defined contribution plans, 3:98	top heavy plans, 3:29
dual plans, younger owners, 3:99	voluntary terminations, 3:28
ESOPs	Waiver of funding requirements, 3:31
generally, 3:102	QUALIFIED SMALL BUSINESS STOCK
capital financing technique, 3:103	Capital gains exclusion, stock in subsidiary, 1:4
closely held corporations, 3:105	Defined, 1:4
providing a market for stock, 3:104	Holding periods, 1:4
financial considerations, 3:96	
older owners of corporations, 3:106	QUALIFIED SUBCHAPTER S TRUST (QSST)
target benefit plans, 3:99	Generally, 24:4
younger owners of corporations, 3:99	RATE OF TAX
Self-dealing by participant, 3:75	Capital gains, 1:3
Separation of service, change of ownership, 3:12	DEACONADI E COMPENSATION
SIMPLE retirement plans	REASONABLE COMPENSATION
generally, 3:11	Dividends distinguished, 6:11
selection considerations, 3:101	RECAPITALIZATIONS
Simplified employee pension plans	See also index headings reorganizations; restruc-
generally, 3:55 to 3:59	TURING TRANSACTIONS OVERVIEW
cost of plan, methods to reduce, 3:99	Generally, 19:3
Social Security benefits, integration defined benefit plans, 3:22	B reorganizations, preceding transactions, 18:28
defined contribution plans, 3:21	Cancellation of indebtedness income, security
Spousal consent to waive benefit, 3:30	issuances, 19:16
•	Constructive distributions, 7:15
Tax advantages of a plan	Convertible securities exchange, 19:9
generally, 3:1	Discharge of indebtedness income, stock for debt
ESOP advantages, 3:9	exception, 19:7
Tax credit ESOPs, 3:9	E recapitalizations requirements
Termination 2.20	business purposes, 19:4
nonforfeitable vested rights, 3:28	historical development, 19:5
notice of intent to terminate, 3:85	Estate freezes, prior to 1987
Termination insurance	generally, 19:17
generally, 3:81	historical background, 12:13

RECAPITALIZATIONS—Cont'd	RECORD KEEPING
F reorganizations	Alternative minimum tax depreciation adjust-
generally, 19:18	ment, 1:5
multiple operating companies, 19:19	Section 1244 stock, 5:29
overlap with type D, 19:2	REDEMPTIONS
Gift tax valuation, 19:17	Generally, 10:1
Isolated transaction rule, 7:15	Accumulation of earnings for
Liquidation reincorporation	corporate or shareholder purpose, 8:15
generally, 19:21	excess business holdings, 8:17
D reorganizations, 21:12	payment of death taxes, 8:16
E and F reorganizations, 21:13	Adjustments to S corporation, accumulated
historical development, 21:10, 21:11	adjustments account, 24:19
Original issue discount issues, 19:7	Affiliated corporations, intercompany transac-
Ownership changes, special rules, aggregation	tions, 12:17
and segregation, 22:33 Party to reorganization, 19:23	Affiliated corporations redeeming, 10:20
Preferred stock, redemption premium, 7:12	Appreciated property distributed, 10:12
Redemptions to pay death taxes, 11:5	Attribution rules, Section 318
Section 306 stock, 13:6 to 13:8	generally, 10:3
Section 1244 stock, 5:28	dividend equivalence, 10:8
Securities for securities	modified for Section 304, 12:3
generally, 19:9	Section 306 stock holdings, 13:18
boot securities, 19:10	stock sale to affiliate, 12:4
corporate level, effect at, 19:16	substantially disproportionate, 10:7
interest arrearages, 19:11	termination of interest, waiver
market discount rules, 19:15	generally, 10:4
qualified debt instrument, defined, exception to	entity waiver, 10:6
OID, 19:14	individual attribution, 10:5
unstated interest	joint and several liability, 10:6
generally, 19:12	B reorganizations, preceding transactions, 18:28
law prior to 1984, 19:13	Basis determination
1984 original issue discount rules, 19:14	distributed property, 10:15
Securities for stock, 19:7	Brother-sister corporations, 12:2 to 12:6
Short term notes exchanged, 19:7	Constructive dividend
Stock for debt exception, discharge of debt	increase in proportionate interest, 7:14
income, 19:7 Stock for securities	shareholders' obligation, 6:12
	Corporate contractions, value determination
generally, 19:8 historical development, 19:5	rules, 22:40
<u> </u>	Corporate divisions, boot property receipt, 20:33
Stock for stock, nonqualified preferred stock, 19:6	Death taxes
Tax consequences	payment, generally, 11:1
generally, 19:22	payment generally
basis in shares or securities, 19:29	planning techniques, 11:26 to 11:31
boot property receipt, 19:28	requirements of Section 303, 11:2 to 11:16
corporate transferee, 19:26	Section 303 vs. Section 6166, 11:17 to
corporate transferor, of assets	11:19
generally, 19:24	tax consequences, 11:20 to 11:25
distributions, interest holders, 19:25	Deceased shareholders, generally, 10:21
Section 305 problems, 19:31	Deemed distributions, periodic redemption plan, 7:7
Section 306 problems, 19:30	Disproportionate distributions
Section 2701 transfers, 19:17	sale of corporation, 10:19
security holder, 19:27	stock sale to affiliate, 12:4
shareholder, 19:27	Dissenting shareholders, by target in B reorgani-
Valuation rules, 19:17	zation, 18:25

REDEMPTIONS—Cont'd	REDEMPTIONS—Cont'd
Dividend equivalence	Section 301 treatment
generally, 10:8	attribution rules, 10:5
stock sale to affiliate, 12:4	entity attribution, 10:6
Dividend treatment	Section 302 redemptions, generally, 10:2
attribution rules, 10:5	Section 303 redemptions
entity attribution, 10:6	generally, 10:21
Section 304 transactions, 12:5	death tax payment, 11:1 to 11:31
Earnings and profits, effect on, 10:13	Section 304 redemptions
Earnings and profits determination, 6:7	generally, 10:20
Estate tax purposes, 11:22	affiliated corporations, 12:1 to 12:16
Fractional shares, 7:8	Section 305 application
Gain or loss computation	generally, 10:19
corporation, 10:12	stock dividends, 7:1 to 7:17
shareholder, 10:14	Section 306 stock
Historical background, 10:2	generally, 13:14
Hypothetical, in reorganizations	liquidation of corporation, 13:19
boot property	Section 351 and Section 304 overlap, 4:30
generally, 18:68	Section 355 devise restriction, exchange excep-
restructuring transactions, 19:28	tion, 20:13
corporate divisions, 20:33	Series of redemptions
restructuring transactions, 19:30	complete termination of interest, 10:4
Section 306 stock, 18:70	substantially disproportionate, 10:7
Isolated, property distributions, stock dividends,	Split-off transactions, generally, 20:1
7:6	Statutory framework, Section 302, 10:2
Isolated transactions distinguished, 7:7	Stock dividends, Section 305 overview, 7:3
	Stock transfers within 10 years, waiver of attribu-
Joint and several liability, waived attribution rules, 10:6	tion rules, 10:5
	Subsidiary's stock, complete, 15:4
Mandatory, after reorganization, 18:8 Magningful reduction of interest 10:8	Substantially disproportionate, 10:7
Meaningful reduction of interest, 10:8	Tax consequences
Mirror subsidiary transactions, 12:17	corporation, 10:12
Parent subsidiary transactions, 12:7 to 12:11	shareholder, 10:14
Partial liquidations	Termination of interest
generally, 10:9	generally, 10:4
contraction of business, 10:10	joint and several liability, 10:6
termination of active business, 10:11	Section 306 stock holdings, 13:18
Partnership distribution, corporate partner's	stock sale to affiliate, 12:4
stock, 15:12	Transfers, stock for debt, 4:30
Preferred stock bailouts, 10:22	Treatment in recapitalizations, 19:5
Premium on preferred stock	REINCORPORATION
recapitalization issuance, 7:12	After liquidation treatment, nondivisive D reorga
safe harbor, reasonable premium, 7:11	nization, 14:15
QDROs, 10:18	F reorganizations, generally, 19:18
Reclassification of interest, 5:3	Factors after liquidation, 21:10
Reorganizations, boot property receipt, 18:68	Modification of capital structure, 19:18
Restructuring transactions, boot property receipt,	Overlapping reorganization sections, 18:19
19:28	Recast as nondivisive D reorganization, 21:12
S corporations	REITs
generally, 10:23	
one class of stock requirement, 24:6	Net built-in gains, 15:12
provisions of subchapter C apply, 24:26	Net built-in losses, 15:12
taxation of distributions, 24:19	RELATED CORPORATIONS
Sale of interest, bootstrap acquisition, 10:17	See also index headings affiliated corporations;
Sale to ESOP trust as alternative. 3:104	MULTIPLE CORPORATIONS

RELATED CORPORATIONS—Cont'd	RENTS
Mirror subsidiary transactions, 12:17	S corporations, defined, passive investment
Qualified stock purchase, Section 338, 16:4	income limits, 24:9
Sales of stock between, redemption to pay death	REORGANIZATIONS
taxes, 11:4	See also index headings aquisitive reorganiza-
Section 482 application, 23:13 to 23:15 Stock transactions between, 12:1 et seq.	TIONS; ASSET ACQUISITIONS; CORPORATE DIVISIONS; RECAPITALIZATIONS; RESTRUCTURING TRANSAC-
RELATED PARTIES	TIONS; TRIANGULAR REORGANIZATIONS
See also index headings affiliated corporations;	Acquisitions, types of transactions, 18:2
ATTRIBUTION RULES	Affiliated corporations generally, 21:2
Acquisition indebtedness exception, Section 304	asset acquisitions, 21:5
transactions, 12:15	brother-sister combinations, 21:4
Basis in stock, constructive ownership applied, 10:14	parent subsidiary combinations, 21:3
Below-market loans, Section 7872, 5:41	A reorganizations
Dividend equivalence, 10:8	generally, 18:14 to 18:19
Incorporation, 4:14, 4:32	consideration used, flexible, 18:15
Joint and several liability for tax, waiver of attri-	disadvantages, 18:47
bution rules, 10:6	disregarded entities, 18:14
Loss limitations, liquidations, 14:10 to 14:11	dissenting shareholders, 18:17
Losses between related parties, redemptions to	equity structure shift, 22:32 minority-shareholder squeeze-outs, 21:3
pay death taxes, 11:20	overlap with other provisions, 18:19
Mirror subsidiary transactions, 12:17	remote continuity of interest, 18:18
Qualified stock purchase, Section 338, 16:4	spin off unrelated to reorganization, 21:8
Reorganizations, continuity of interest regula-	subsidiary into parent, 21:3
tions, 18:9 Retained interests, 19:17	triangular reorganizations. See index heading
S corporations, transactions with, 24:31	TRIANGULAR REORGANIZATIONS
Section 304 redemption rules	unwanted assets
generally, 12:1	generally, 21:6
acquisition indebtedness exception, 12:15	disposition, 18:16 nontaxable disposition, 21:8
Section 482 application, 23:13 to 23:15	taxable disposition, 21:7
Stock transfers, S corporation eligibility, 24:5	B reorganizations
Substantially disproportionate, percentage of	generally, 18:20
ownership, 10:7	acquisition of leased assets, 18:26
Transfers with retained interest, 19:17	assumption of liabilities, 18:25
RELATION BACK THEORY	brother-sister combinations, 21:4
Liquidation application, 14:2	control requirement
	generally, 18:27
RELOCATION EXPENSES	preliminary distributions, 18:28 series of acquisitions of stock, 18:29
Exclusion from gross income, 2:9	equity structure shift, Section 382, 22:32
RENTAL ACTIVITIES	expenses, payment of, 18:24
Passive losses, material participation, 5:30	liquidation effect, 18:31
RENTAL INCOME	nonvoting stock used, prevent trigger of Section 6166, 21:4
Passive activity loss limitation, 1:8	overlap with C reorganizations, 18:31
Passive loss limitations, 1:8	related transactions, 18:26
Personal holding company income	rights in stock, 18:23
generally, 9:14	S corporation as acquirer, 21:22
adjusted ordinary gross income, 9:8	solely for voting stock
corporate property used by shareholders, 9:16	acquisition of leased assets, 18:26
produced film rents, 9:15	assumption of liabilities, 18:25
Section 1244 stock, defined for, 5:27	expenses, payment of, 18:24

REORGANIZATIONS—Cont'd	REORGANIZATIONS—Cont'd
B reorganizations—Cont'd	C reorganizations—Cont'd
solely for voting stock—Cont'd	unwanted assets
related transactions, 18:26	generally, 21:6
rights in stock, 18:23	nontaxable disposition, 21:8
solely for requirement, 18:22	taxable disposition, 21:7
voting stock defined, 18:21	voting stock requirement, 18:40
spin-off, unrelated to reorganization, 21:8	waiver of liquidation requirement, 18:45
triangular transaction, 18:30	Carryover of AAA account, 21:22
unwanted assets	Contingent consideration
generally, 21:6	generally, 21:14
nontaxable disposition, 21:8	escrow transactions, 21:16
taxable disposition, 21:7	rights to additional stock, 21:15
voting stock defined, 18:21	Contingent stock rights, 21:15
Basis in property	Continuity of business enterprise, 18:11
parent corporation, triangular, 18:65	Continuity of interest
security holders, 18:69	1998 regulations, 18:9
shareholders, 18:69	duration under proposed regulations, 18:8
transferee corporation, 18:65	Continuity of proprietary interest
transferor corporation, 18:63	A reorganizations, 18:17
Bausch and Lomb doctrine, 18:31	generally, 18:4
Bausch & Lomb doctrine, 21:5	duration of interest retained, 18:8
Boot consideration, C type, 18:43	qualitative tests, 18:5
Boot receipt, 18:68	quantitative tests, 18:6
Business purpose doctrine, 18:12	remote continuity doctrine
C reorganizations	generally, 18:7
generally, 18:32	statutory expansion, 18:10
assumption of liabilities, 18:41	Corporate divisions, 20:1
Bausch & Lomb doctrine, 21:5	Creeping acquisitions, 18:31
boot property, 18:43	Creeping transactions, 18:31
consideration permitted	D reorganizations
generally, 18:39	see also index headings corporate divisions
assumption of liabilities, 18:41	SECTION 355
boot property limitation, 18:43	generally, 19:2
expenses of reorganization, 18:42	control requirement, 50% for Section 355,
voting stock requirement, 18:40	20:30
equity structure shift, Section 382, 22:32	divisive transactions
expenses of reorganization, 18:42	generally, 20:1
liquidation requirement, 18:45	earnings and profits, allocation, 20:27
nature of assets retained, 18:34	recapture, investment tax credit, 20:25
overlap with other provisions, 18:46	statutory requirements, generally, 20:2
prior stock ownership, 21:5	subsidiary assumes liabilities, 20:24
retain assets for liabilities, 18:35	subsidiary transferee, tax results, 20:26
spin-off unrelated to reorganization, 21:8	tax consequences, generally, 20:22
substantially all properties	transfers to controlled subsidiary, 20:23
generally, 18:33	liquidation reincorporation
illustrative examples, 18:38	classification, history, 21:10
nature of assets retained, 18:34	service's approach to attack, 21:12
retention for liabilities, 18:35	nondivisive transactions
timing of determination, 18:37	generally, 19:2
total assets vs. net assets, 18:36	equity structure shift, 22:32
tax-free restructuring, subsidiaries, 19:26	liquidation reincorporation, 21:12
timing of determination, 18:37	party to reorganization, 19:23
total assets vs. net assets, 18:36	Deductible expenses, liquidation element of
triangular transactions, 18:44	costs, 14:14

REORGANIZATIONS—Cont'd	REORGANIZATIONS—Cont'd
Disposition of interest following, 18:8	Overlapping code sections—Cont'd
Disregarded entities, 18:14	D reorganizations, 19:2
E reorganizations	F reorganizations, controlling, 19:18
generally, 19:4	Party to reorganization
capital structure adjustment, 19:3	generally, 18:61
equity structure shift, Section 382, 22:32	continuity of interest, 18:7
historical development, 19:5	Plan of reorganization
liquidation reincorporation, 21:13	court approved, F reorganization, 19:20
overlap with other provisions, F reorganiza-	defined, 18:62
tions, 19:2	Preferred stock usage, debt-like characteristics, 4:8
party to reorganization, 19:23 stock for securities, generally, 19:8	Qualified debt instrument, exception to imputed
Elective carryover basis, reform proposals, 21:23	interest, 19:14
Expenses allocable to liquidation, 14:14	Recapitalizations, generally, 19:3
Expenses of reorganization	Recharacterization of transaction, type B to type
B reorganizations, 18:24	C, 18:31
C reorganizations, 18:42	Reclassification of interest, 5:3
F reorganizations	Reform proposals, Senate Finance Committee,
generally, 19:18	21:23
liquidation reincorporation, 21:13	Restructuring transactions, 19:1
multiple operating companies, 19:19	S corporations
overlap with other provisions	generally, 21:17
E reorganizations, 19:2	built-in gain rules, 21:20
nondivisive D reorganization, 19:2	LIFO recapture requirement, 21:21
party to reorganization, 19:23	momentary corporate shareholder
post-acquisition loss carryback, 22:5	generally, 21:18
Section 381 inapplicable, 22:5	post-1982 law, 21:19 Section 306 stock
single operating company, 19:2	
G reorganizations	generally, 13:6 effect of a dividend, 13:7
generally, 19:20	stock exchanged for tainted stock, 13:8
equity structure shift, Section 382, 22:32	tax consequences to shareholders, 18:70
party to reorganization, 19:23	Section 351 transactions, compared, 4:40
Integrated plan of acquisition, 21:5	Section 381 application
Judicial doctrines	generally, 22:4
generally, 18:3 Groman Bashford doctrine	operating rules, 22:5
A reorganizations, 18:18	Section 1244 stock, 5:28
generally, 18:7	Security for security exchanges
B reorganizations, 18:30	generally, 19:9
C reorganizations, 18:44	market discount rules, 19:15
statutory expansion, 18:10	rules
Liquidating distributions, exception to recogni-	issuances prior to 1984, 19:13
tion rules, 14:9	1984 original issue discount rules, 19:14
Liquidation reincorporation	Shareholder approval
generally, 21:9	A reorganizations, 18:14
historical development, 21:10	C reorganizations, 18:32
reorganization treatment, 14:15	triangular A mergers, 18:47
service's approach to attack, 21:11	Short form merger, affiliates, 21:3
Market discount rules, 19:15	Spin-offs and acquisitions, 21:8
Overlapping code sections	Step transaction doctrine, 16:4 , 18:13
A reorganizations, 18:19	Tax attributes carryover
B reorganizations, 18:31	generally, 22:4
C reorganizations, 18:46	acquisitive reorganizations, 18:34
D provisions control. 18:46	Tax avoidance purposes, 18:12

REORGANIZATIONS—Cont'd RESTRUCTURING TRANSACTIONS—Cont'd Ownership changes, special rules, aggregation Tax consequences and segregation, 22:33 generally, 18:60 to 18:72 Party to reorganization, 19:23 boot property receipt, 18:68 corporate transferee, 18:65 Section 355(e) limitations, 20:30 corporate transferor, of assets Securities for securities. 19:9 to 19:16 generally, 18:63 Stock for securities distributions by, 18:64 generally, 19:8 restructuring, 19:22 to 19:27 continuity of interest, 19:4 Section 305 stock receipt, 18:71 historical development, 19:5 Section 306 stock receipt, 18:70 Stock-for-stock recapitalizations, 19:6 security holders, generally, 18:66 ey seq. Tax consequences shareholders, generally, 18:66 et seq. generally, **19:22** variable prepaid forward contracts, 18:72 basis in shares or securities, 19:29 Tax free incorporations, compared, 4:40 boot property receipt, 19:28 Taxable disposition, 21:7 corporate transferee, 19:26 Triangular reorganizations. See index heading corporate transferor, of assets TRIANGULAR REORGANIZATIONS generally, 19:24 Types of reorganizations, overview, 18:2 distributed to interest holders, 19:25 Unwanted asset problem Section 305 problems, 19:31 generally, 21:6 Section 306 problems, 19:30 nontaxable dispositions, 21:8 security holder, 19:27 taxable dispositions, 21:7 shareholder, 19:27 Waiver of liquidation requirement, 18:45 REPORTING REQUIREMENTS RETAINED EARNINGS Section 1060, sellers and buyers, allocation of Prior law, taxability of, 1:3 purchase price, 14:18 RETIREMENT PLANS SIMPLE retirement, 3:11 See also index headings NONQUALIFIED DEFERRED REPURCHASE AGREEMENTS COMPENSATION PLANS: OUALIFIED PENSION AND S corporations, one class of stock requirement, PROFIT SHARING PLANS 24:6 C corporations, considerations in choice of entity, RESTRUCTURING TRANSACTIONS Contributions to SIMPLE plans, 3:101 Generally, 19:1 to 19:31, 21:8 Plan selection, 3:95 See also index headings RECAPITALIZATIONS; Planning considerations, 3:96 REORGANIZATIONS SIMPLE plans, 3:101 Boot securities, 19:10 E recapitalizations, requirements, 19:4, 19:5 RETURNS Equity structure shift, Section 382, 22:32 See also index heading IRS FORMS Exchange of stock, subsidiaries, 19:26 Consolidated returns. See index heading F reorganizations CONSOLIDATED RETURNS generally, 19:18 S corporation tax, Form 1120, 24:7 multiple operating companies, 19:19 Separate return, defined, 22:21 G reorganizations, 19:20 Historical development **RICs** generally, 19:3 Net built-in gains, 15:12 estate freezes, 19:17 Net built-in losses, 15:12 securities for stock, 19:7 ROLLOVERS security for security exchanges, rules Corrections, tardy corrections, 3:42 issuances prior to 1984, **19:13** 1984 original issue discount rules, 19:14 Domestic entity requirement, 3:42 Erroneous distributions, tardy corrections, 3:42 stock for securities, 19:5 Foreign banks, 3:42 type C and D overlap, priority, 19:2 Liquidation reincorporations, 19:21 IRAs, unqualified rollovers, 3:52 Original issue discount, 19:12 to 19:15 Qualified retirement plan funds, 3:42

ROTH IRAs	S CORPORATIONS—Cont'd
Conversion of existing IRA, 3:54	Earnings and profits, carryover
ROYALTIES	generally, 21:22
Active computer software, exception to PHC	effect on distributions, 24:19
income, 9:11	Electing small business trust, 24:4
Copyright royalties, test for exception to PHC	Elections
income, 9:13	close books, terminate interest, 24:30
Personal holding company income	distributions as dividends, 24:19 S status, requirements
generally, 9:10	generally, 24:7
active computer software, 9:11	revocation of election, 24:8
adjusted ordinary gross income, 9:8	Section 338 election, stock sale, 24:30
copyright royalties, 9:13	Eligibility requirements, 24:3
mineral oil and gas, 9:12	Employment taxes, 24:31
S corporations, defined, passive investment income limits, 24:9	Estimated taxes, 24:31
Section 1244 stock, defined for, 5:27	Excess passive investment income, 24:24
Section 1244 stock, defined for, 5:27	Family transfers of stock, 24:20
S CORPORATIONS	Financing methods available, 1:2
Generally, 24:1 to 24:31	Fiscal year, purposes permitted, 24:11
Accumulated adjustments account	Fringe benefit plans
calculation of, 24:19	generally, 2:1
reorganizations, 21:22	not available to partners, 1:11
Administrative procedures, tax, 24:31	Fringe benefits for, 24:12
Advantages and disadvantages of, 1:12	Group term life insurance benefits, denied to over
Affiliated group membership	2% holders, 2:36
generally, 21:19	Health insurance premiums, 24:12
consolidated return filing, 24:5	Inadvertent terminations, 24:9
Agent of shareholders, factors, 1:15	Income splitting through, 24:20 Incorporation under Section 351
Allocation, separately stated items, 24:14	generally, 4:34
Alternative minimum tax, 1:5	accounting method and elections, 4:35
Appraisal of corporate assets, 24:22	depreciation recapture, 4:36
Basis in stock and indebtedness	tax benefit rule, application, 4:38
generally, 24:15	transfer of income rights, 4:37
economic outlay, required, 24:16	IRS Form 1120–S, tax return, 24:7
Built-in gains tax	IRS Form 2553, election, 24:7
generally, 24:22	IRS Form 8716, tax year election, 24:11
pre-1987 provision, effect, 24:23	Items of income and deduction, characterization,
Calendar year required, 24:11	24:14
Capital structure considerations, 5:33	Jobs and Growth Tax Relief Reconciliation Act,
Cash method of accounting permitted, 1:10	17:1
Choice of entity considerations, 1:1	LIFO recapture, converted C corporation, 21:21
Computation of taxable income, 24:13	LIFO recapture on conversion, 24:25
Conversion of C corporation	Liquidation of corporation, 24:27
generally, 1:12	Liquidations, governing rules, 20:36
built-in gains tax, 24:22	Loans, 24:12
LIFO recapture requirement, 21:21	Loss limitations
Corporate divisions, generally, 20:36	generally, 24:16
Corporate shareholders, 20:36	at risk rules, 24:17
Corporations not qualified to elect, 24:5	passive loss rules, 24:18
Debt or preferred stock, compared, 5:2	Loss treatment, generally, 5:18
Deferred compensation plans, single class of	Membership in affiliated group, 21:19
stock requirement, 24:6	Merger of C corporation into, LIFO recapture
Disposition of built-in gain assets, 24:22	requirement, 21:21
Distributions to shareholders, 24:19	Mergers, governing rules, 20:36

S CORPORATIONS—Cont'd	S CORPORATIONS—Cont'd
Multiple corporations, advantages, 23:3	Statutory overview, 24:2
One class of stock rules, 24:6 Ownership by partnership, limited partnerships,	Stock purchase, Section 338(h)(10) election, 24:30
24:4	Stock requirements, 24:6
Partnership incorporation, 4:39	Straight debt, considerations, 5:33
Partnership interests, built-in gains tax, 24:22	Subchapter C earnings and profits
Partnership of S corporations, 24:4	generally, 24:9
Passive investment income, defined	effect on distributions, 24:19
generally, 24:9	Subsidiary ownership, 24:5
excess, tax accessed, 24:24	Tax administrative procedures, 24:31
pass through to shareholders, 24:14	Tax attributes
Passive loss rules, 5:30	generally, 1:1
Pension plans, 3:14	losses, deductibility, 1:6
Personal holding company avoidance, 9:25	Tax rates, 1:3
Post-termination distributions, 24:19	Taxable income, computation, 24:13
Prohibited transactions	Taxable year
generally, 3:76	annual business cycle test, 24:11
between plan and party in interest, 3:77	exceptions to required year, 24:11
exceptions to prohibition, 3:78	gross receipts test, 24:11
self-dealing, 3:75	natural business year test, 24:11
Qualified plans, 24:12	ownership tax year test, 24:11
Reclassifying corporate interest, 5:3	permitted years, 24:11
Redemptions	seasonal business test, 24:11
generally, 24:26	25% gross receipts test, 24:11
exchange treatment, 10:23	Taxable year, selection
Related party transactions, 24:31	generally, 1:9
Reorganization provisions apply	Taxation of business income, 1:3
generally, 21:17	Taxes imposed
boot distributions, 21:22	generally, 24:21
built-in gain rules, 21:20	built-in gains tax
historical development, 21:18	generally, 24:22
post-1982 law, 21:19	pre-1987 provision, effect, 24:23
Subchapter C earnings and profits, 21:22	excess passive investment income, 24:24
taxable year, closing, 21:22	LIFO recapture on conversion, 24:25
Sale of corporation	Termination of S election
generally, 24:28	failed requirements, 24:9
asset sale before liquidating, 24:29	post-termination transition period
stock sale, 24:30	generally, 24:16
Section 306 stock application, 13:22	distributions during, 24:19
Section 355 applicability, 20:36	revocation by shareholders, 24:8
Section 444 tax year election, Section 7519 required payments, 24:11	Termination of status, one class of stock rule, 1:12
Services by family member, reallocation of	Termination year, 24:10 Transfers of stock to family, 24:20
income, 24:20	Trusts permitted as shareholders, 24:4
Shareholder corporation, 20:36	Voting rights, differences, 24:6
Shareholders	voting rights, differences, 24.0
distributions to, taxability, 24:19	SAFE HARBORS
eligibility, 24:4	Book value determination, S corporations, 24:6
pass through of income items, 24:14	Estate tax freezes, Section 2036(c), 19:17
passive loss rules apply, 24:18	Nondiscrimination plans, Section 401(k) plans,
Short term notes exchanged, gain to recipient,	3:25
19:7	Nondiscrimination rules, Section 401(k) plans,
Single class of stock rules, 24:6	3:25
Small business corporation, defined, 24:3	Ownership changes, 22:30

SAFE HARBORS—Cont'd Partial liquidations, termination of active busi-	SAVINGS ACCOUNTS Health savings accounts, 2:30
ness, 10:11	SBS
Preferred stock, callable at a premium, 7:11 Qualified plans	See index heading small business stock
discrimination testing, 3:26	SECTION 55(e)
minimum participation and coverage, 3:19	Small corporations, 11:22
Section 305	SECTION 79
disproportionate redemptions, 10:19	Group term life insurance
isolated redemptions exempted, 10:19	generally, 2:34
Section 382 application, 22:30 Section 2036(c), estate tax freezes, 19:17	coverage requirements, 2:37
Straight debt in S corporations	defined, 2:35
generally, 24:6	employee defined, 2:36
capital structure of corporation, 5:3	exceptions to exclusion, 2:39
	group permanent insurance, 2:38
SALE OF CORPORATIONS Amortization of intangibles	nondiscrimination requirements, 2:40
generally, 14:19 to 14:22	SECTION 83
disposition of intangible, 14:21	Qualified equity grants, deferred compensation,
Section 197 intangible defined, 14:20	3:15
Brother-sister combinations, 21:4	Split-dollar life insurance, 2:43
Contingent consideration	SECTION 105
generally, 21:14	Health care coverage to employee
escrow transactions, 21:16	antidiscrimination standards
rights to additional stock, 21:15	generally, 2:25
Redemption used in conjunction	planning considerations, 2:28
generally, 10:16	bodily injury payments, 2:27 excludable reimbursements, 2:26
constructive dividend to buyer, 10:18 disproportionate distributions, 10:19	inclusion in gross income, 2:24
dividend treatment to seller, 10:17	planning considerations, 2:28
Section 305 application, 10:19	
Transferor's estate, inclusion, 19:17	SECTION 108
	Security for stock recapitalizations, stock for debt exception, 19:7
SALE OR EXCHANGE	•
Acquiring corporation's stock, Section 304 dividend treatment, 12:5	SECTION 119 Meals and lodging exclusion
Corporations. See index heading SALE OF CORPORA-	generally, 2:16
TIONS	business premises of employer, 2:19
Deemed gift, Section 2036(c), 19:17	convenience of employer, 2:20
Devise factor, Section 355, 20:10	employee status, 2:17
Liquidations, treatment, 14:2	in-kind requirement, 2:18
Original issue discount issues, 5:37 to 5:40	planning considerations, 2:21
Parent-subsidiary transactions, 12:9	SECTION 125
Redemptions, tax consequences to shareholders, 10:14	Cafeteria plans generally, 2:46
Related corporation stock, redemption to pay death taxes, 11:4	defined, 2:47 highly compensated participant, defined, 2:48
Related stock sales, controlled corporations, 12:3	nondiscrimination requirements, 2:48
S corporations, taxation of distributions, 24:19	reporting requirements, 2:50
Timing of, stock distributed, corporate division, 20:10	simple cafeteria plans for small businesses, 2:49
Transferor's estate, inclusion, full and adequate consideration, 19:17	tax consequences, 2:47
Treatment for various dispositions, 5:13	SECTION 132
Unstated interest, deferred payments, 5:36	Employee defined, 2:11

SECTION 132—Cont'd	SECTION 302—Cont'd
Exclusion for fringe benefits	Redemption in corporate divisions, 20:33
generally, 2:2 to 2:15	Redemption in recapitalizations, 19:5
no-additional-cost services, 2:3	Redemptions of stock
SECTION 197	generally, 10:1
Generally, 14:19 to 14:22	affiliated corporations, 12:4
Amortizable intangibles, 14:20	attribution rules, Section 318, 10:3 to 10:6
Basis	dividend equivalence, 10:8
generally, 14:19	historical background, 10:2
disposition of asset, 14:21	partial liquidations, 10:9 to 10:11
nonrecognition transfers, 14:22	reclassifying corporate interest, 5:3
Disposition of intangibles, 14:21	statutory framework, 10:2
Goodwill, 14:18	substantially disproportionate, 10:7
Intangible asset defined, 14:20	termination of interest, 10:4
Nonrecognition transfers, 14:22	waiver of family attribution, 10:5
SECTION 269	S corporation redemptions, 24:26
	Section 304 treatment, tested by, 12:4 Split off transactions, generally, 20:1
Generally, 22:16 Carryover basis property acquired, 22:19	•
Control acquired, 22:18	SECTION 303
IRS authority to alter attributes	Generally, 12:1
generally, 22:16	Accumulation of earnings, 8:16
scope of provision, 22:17	Affiliated corporations, 12:4
Multiple corporations	Affiliated corporations redemption
generally, 23:4	generally, 10:20
situations in which used, 23:11	redemptions under Section 303, 11:4
Priority over other provisions, 22:18	Brother-sister corporations
Tainted purpose, 22:20	attribution rules, 12:3
	control requirement, 12:3
SECTION 301	dividend treatment tests, 12:5
Generally, 6:1	effect on earnings and profits, 12:6 exchange treatment tests, 12:4
Compared divisions, distributions without	stock sales, generally, 12:2
Corporate divisions, distributions without exchange, 20:33	Complete redemptions, estate as shareholder,
Distribution of dividend, 6:3	10:6
Distribution of dividend, 0.3 Distribution on preferred stock, 7:10	Coordination with Section 6616, 11:19
Earnings and profits determination, 6:7	Deferred estate tax payments
Employment interest after redemption, waived	generally, 11:17
attribution rules, 10:5	acceleration rules, 11:18
Options for choice of receipt, 7:4	timing rule of Section 303, 11:18
Partial liquidation, corporate shareholders, 10:9	Exceptions to priority over Section 351
Records for tax liability, waived attribution rules,	acquisition indebtedness, 12:15
10:5	bank holding company, 12:15
Stock dividends	Holding company application
generally, 7:1	generally, 12:12
taxable dividends or rights, 7:17	effect of transfers to, 12:14
	exceptions to priority over Section 351, 12:15
SECTION 302	Section 306 stock, 12:16
Corporate divisions, boot property receipt, 20:33	Section 351 conflict, 12:13
Exchange exception, Section 355 devise restric-	Mirror subsidiary transactions, 12:17
tion, 20:13	Parent subsidiary corporations
Hypothetical redemptions test	control requirement, 12:8
reorganizations, boot property generally, 18:68	effect of dividend treatment, 12:10
	effect of exchange treatment, 12:9
Section 306 stock, 18:70	effect on earnings and profits, 12:11
restructuring transactions, 19:28	stock sales, generally, 12:7

SECTION 303—Cont'd	SECTION 305—Cont'd
Payment of death taxes, generally, 11:1	Dilution of conversion right, 7:10
Personal holding company, use of, 11:29	Disproportionate distributions
Planning for qualification	generally, 7:5
generally, 11:26	convertible preferred stock, 7:13
alternate valuation date, 11:31	sale of interest in corporation, 10:19
attribution rules, 11:28	two classes of stock, 7:9
holding companies, use of, 11:29	Exceptions to nontaxability, 7:3
intervivos transfers, 11:27	Fractional shares, 7:8
subsidiary operating companies, 11:30	Historical background, 7:2
Preferred stock distributions, 12:16	Increase in proportionate interest, 7:14
Priority over Section 351	Isolated redemptions exempted, 10:19
generally, 12:14	Option on form of receipt, 7:4
historical development, 12:13	Redemption premiums
Requirements to qualify	generally, 7:11
generally, 11:2	recapitalization issuances, 7:12
amount redeemable	Reorganizations, distributions of preferred stock
generally, 11:12	18:71
administrative expenses, 11:14	Sale of interest in corporation, 10:19
death taxes defined, 11:13	Series of distributions, 7:6
interest on deferred taxes, 11:15	Taxable distributions, 7:17
eligible stock, 11:5	SECTION 306 STOCK
liability for taxes and expenses, 11:16	See also index heading PREFERRED STOCK BAILOUTS
percentage ownership requirement	Basis of stock
adjusted gross estate test, 11:10	generally, 13:12
aggregation rule, 11:11	recovery of basis rules, 13:15
historical development, 11:9	stepped up from decedents, 13:10
property exchanged for stock	transferred or substituted, 13:10
generally, 11:6	Brother-sister combinations, 21:4
appreciated property, 11:8	Corporate divisions, 20:35
installment notes, 11:7	Definition
reduced interest rule, 11:16	generally, 13:3
stock included in gross estate, 11:3	special rules applicable, 13:11
surrender of stock, 11:4	Dispositions
S corporation redemptions, 24:26	generally, 13:13
Section 304 treatment, tested by, 12:4	calculation problems, 13:15
Section 351 overlap, 4:30	defined, 13:14
Tax consequences to corporation	Exceptions
generally, 11:21	generally, 13:17 to 13:22
accumulated earnings problems, 11:23	complete liquidation, 13:19
appreciated property distributed, 11:24	no tax avoidance, 13:21
effect on earnings and profits, 11:25	nontaxable exchanges, 13:20
funding with life insurance, 11:22	termination of interest, 13:18
Tax consequences to shareholder, 11:20	Gifts of stock, 13:14
Time period to redeem, 11:7	Holding company transfers
Time period to redeem, 11.7	generally, 12:16
SECTION 305	stock receipt upon formation, 13:9
Basis in stock held, 7:16	Hypothetical redemption test, 18:70
Constructive distributions	Preferred stock bailouts
generally, 7:11	generally, 13:2
antidilution provisions, 7:14	death tax payment, 11:5
convertible preferred stock, 7:13	earnings and profits issue, 13:5
recapitalization issuances, 7:15	historical background, 13:1
Convertibility feature, adjustment, 7:7	nonvoting preferred, 10:7
Deemed distributions, 7:7	stock dividends. 13:4

SECTION 306 STOCK—Cont'd Redemptions generally, 10:22 effect on shareholders, 13:16	SECTION 337—Cont'd Mirror subsidiary transactions, 15:11 Regulations restricting avoidance, 15:12 Subsidiary's nonrecognition of gain, appreciated
Reorganizations, stock receipt 306 stock exchanged, 13:8 generally, 13:6 dividend effect, 13:7	property distributions, 15:8 SECTION 338 Generally, 16:3 Deemed asset purchase
tax consequences, generally, 18:70 Restructuring transactions, 19:30 S corporation application, 13:22 Section 304 relationship, 12:16	generally, 16:1 allocation of deemed price, 14:18 corporate liquidation, compared, 14:17 historical background, 16:2
SECTION 318	qualified stock purchase, 16:4
See also index headings attribution rules; CONSTRUCTIVE OWNERSHIP	subsidiary liquidation, compared, 15:14 Election
Brother-sister corporation transactions, modified	generally, 16:5
application to Section 304, 12:3	consistency requirements, 16:6
Family attribution rules reclassifying corporate interest, 5:3	Net unrealized built in gain, loss limitations, election, 22:44
redemptions under Section 302, 10:3	S corporation, stock sale, 24:30
Liquidation reincorporation, control determina-	SECTION 341
tion, 14:15	Generally, 17:1
Parent-subsidiary transactions, modified applica-	Assets constructed, tainted
tion to Section 304, 12:9 Qualified stock purchase, Section 338, 16:4	generally, 17:5
•	purchased assets, 17:6
SECTION 332	subsection (e) assets, 17:12
Avoidance of application, 15:3	subsection (f) assets, 17:13
Complete liquidation of subsidiary generally, 15:2	value of assets, 17:10
eighty percent ownership test, 15:3	Attribution rules applicable, 17:11
intercorporate debt retirement, 15:9	Basis, transferred or substituted, 17:5
plan of liquidation, 15:4	Collapsible corporations, overview, historical development, 17:2
reclassification of interest, 5:3	Corporate taxable income realization, 17:8
tax consequences to parties, 15:6 to 15:8	Defined
timing of distributions, 15:5	generally, 17:3
Overrides reorganization provisions, 21:3	activities of corporation, 17:5
Priority of G reorganizations, 19:20	formed or availed of, 17:4
Section 338(h)(10) election, 16:7 Subsidiary into parent, 21:3	view to collapse corporation, 17:7
• •	Exceptions to application
SECTION 336	generally, 17:11
Complete liquidations	consent election by corporation, 17:13
generally, 14:1	nondealers, 17:12
basis reduction rule, 14:11	Presumption of collapsibility, 17:10
election by parent corporation, 15:13	SECTION 351
historical background, 14:6 loss limitations	Generally, 4:1
generally, 14:11	Acquisitions under the provision, 4:40
related parties, 14:10	Assets of a going business, 4:37
Split ups under Section 355, 20:28	Assumption of liabilities
	generally, 4:19
SECTION 337	liabilities in excess of basis, 4:21
Eighty-percent distributee	nonrecognition of gain, generally, 4:20
defined, 15:8 indebtedness owed to, 15:9	tax-motivated transactions, 4:22 Attempted avoidance of provision, 4:33
macutaness ower to, 13.7	1 mempined a volume of provision, 7.33

SECTION 351—Cont'd	SECTION 351—Cont'd
Basis in property received	Securities defined, 4:13
transferee corporation, 4:27	Securities received in transfer, 4:11
transferor/shareholder, 4:26	Services contributed for stock, 4:4
Boot received in exchange	Step transaction doctrine, 4:24
generally, 4:15	Stock defined, 4:12
character of gain recognized, 4:16	Tax benefit rule, application, 4:38
property other than stock, 4:17	Taxable incorporations
timing of gain recognition, 4:18	generally, 4:31
Brother-sister combinations, 21:4	advantages, 4:32
Built-in loss property, transferred in liquidation,	Transferee, tax treatment
14:11	generally, 4:25
Clear reflection of income doctrine, 4:37	basis determination, 4:27
Control requirement	holding period, 4:28
generally, 4:23	Transferor tax treatment
timing of determination, 4:24	basis, 4:26
Corporate transferee, tax treatment, 4:25	holding period, 4:28
Holding companies, transfers to, 12:12 to 12:15	Transfers under provision
Holding periods	generally, 4:1
transferee, 4:29	transfer defined, 4:5
transferor, 4:28	transfer of property requirement, 4:2
Integral plan of incorporation, 4:24	transferors treated as a group, 4:6
Intentional avoidance of provision, 4:33	Underwriter offerings, 4:24
Investment company application, 4:41	SECTION 354
Liquidating distributions, loss limitations	Generally, 18:66
corporation, 14:11	Exchanges in reorganizations, restructuring
related parties, 14:10	transactions, 19:27
Liquidation reincorporation, 14:15	Securities for stock exchanges, 19:7
Nonrecognition of gain or loss	SECTION 355
generally, 4:7	
exchange requirement, 4:9 Personal services, receivables, 4:37	Active business requirement
Policy underlying nonrecognition	generally, 20:14 five-year history
generally, 4:10	generally, 20:20
assumption of liabilities, 4:19	acquisitions from affiliates, 20:21
Priority of G reorganizations, 19:20	horizontal divisions, 20:16
Priority of Section 304	independent contractors used, 20:19
generally, 12:14	investment property, nonbusiness, 20:17
acquisition indebtedness, 12:15	owner occupied real estate, 20:18
distributions of 306 stock, 12:16	vertical divisions, 20:15
historical development, 12:13	Boot within gain rule, 20:33
Property defined, 4:3	Control requirement, 20:30
Redemption treatment	Controlled corporation distributions
generally, 4:30	control requirement, 20:3
payment of death taxes, 11:30	corporate divisions, generally, 20:2
Reincorporation, treatment, 14:15	stock and securities distributed, 20:4
Reorganization provisions compared, 4:40	Devise restriction
Reserve for bad debts, 4:38	generally, 20:8
Section 304 overlap, 4:30	examples of devise clause
Section 306 stock distributions	generally, 20:12
generally, 13:9	transactions usually bona fide, 20:13
taint continues on exchange, 13:10	factors evidencing devise, 20:10
Section 368 comparison, 4:40	factors not evidencing devise, 20:11
Section 446(b) application, 4:37	overview of regulations, 20:9
Section 440(b) application, 4.37 Section 482 application, 4:37	Disqualified distributions, 20:29
section 402 application, 4.31	Disquarmed distributions, 20:23

SECTION 355—Cont'd	SECTION 368—Cont'd
Nonstatutory requirements	Boot relaxation rule, 18:41 to 18:43
business purpose, 20:6	C reorganizations, 18:32 to 18:46
continuity of interest, 20:7	Control requirement, B reorganizations, 18:20
Redemption to pay death taxes, use, 11:29	D reorganizations, generally
Tax consequences	divisive transactions, 20:1
generally, 20:22	nondivisive transactions, 19:2
boot property receipt, 20:33	statutory provisions, 20:2
distributor, to shareholders, 20:28	Historical development, 18:47
recapture, investment tax credit, 20:25	Overlap with Section 1036, 19:6
S corporations, 20:36	Reorganization vs. incorporation, 4:40
Section 306 stock distribution, 20:35	Triangular A mergers
shareholders	forward, 18:48 to 18:53
generally, 20:32	reverse, 18:54 to 18:58
basis and holding period, 20:34	Triangular B reorganizations, 18:30
subsidiary assumes liabilities, 20:24	Triangular C reorganizations, 18:44
subsidiary transferee, generally, 20:26	SECTION 381
tax attributes, limited carryover	
generally, 20:27	Generally, 22:3
not a D reorganization, 20:31	C reorganizations, 18:34
transfers, controlled subsidiary, 20:23	Carryovers
Taxability of division, nonqualified property,	generally, 22:6
20:30	accounting methods, 22:10
Unwanted asset problem, 21:8	assumption of liabilities, 22:12
SECTION 356	capital losses, 22:9 certain credits, 22:13
Boot property considerations	
corporate divisions, 20:33	earnings and profits, 22:8 net operating losses, 22:7
security for security exchange, excess principal	other carryover items, 22:14
amount, 19:10	tax benefit items, recovery, 22:11
stock for securities exchange	Closing of taxable year, 22:5
generally, 19:8	Historical development, 22:2
historical development, 19:5	Inapplicable to divisive D, 20:27
Boot property defined, 20:33	Inapplicable to Grysive B, 20.27 Inapplicable to F reorganizations, 19:18
	Liquidation of target, 18:45
SECTION 357	Operating rules of provision, 22:5
Generally, 4:19	Transaction subject to provision, 22:4
Accounts receivable on cash method, 4:22	
Basis limitation, personal liabilities, 4:22	SECTION 382
Business purpose of assumption, 4:21	Generally, 22:24
Corporate divisions, subsidiary assumes	Application of limitation
liabilities, 20:24	generally, 22:39
Exceeding basis of property, 4:22	built-in losses, treatment, 22:45
Nonrecognition of gain, generally, 4:20	change date year, special rule, 22:42
Purpose of liability, determine, 4:21	long term tax exempt rate, 22:41
Tax avoidance purpose, 4:21	recognized gain adjustment, 22:44
SECTION 361	unused limitation carryover, 22:43
Corporate divisions	valuation of corporation, 22:40
cash-basis receivables, 20:23	Background, 22:22
distributions to shareholders, 20:28	C reorganizations, 18:34
	Change date, defined, 22:38
subsidiary assumes liabilities, 20:24	Compared to other limitation rules, 22:49
SECTION 368	Continuity of business enterprise, 22:46
Generally, 18:2	Corporate divisions, ownership change, limited
A reorganizations, 18:14 to 18:19	on NOL carryover, 20:31
B reorganizations, 18:20 to 18:31	Debt discharge, indebtedness for interest, 22:47
, , , , , , , , , , , , , , , , , , , ,	5 /

SECTION 382—Cont'd	SECTION 401—Cont'd
Definitions of terms, 22:38	Selection considerations, Section 401(k), 3:100
Equity structure shift, defined, 22:32	Termination insurance requirement, 3:83
Financially distressed corporations, 22:47	Vesting requirements, 3:28
Five-percent shareholders, defined, 22:27	SECTION 402
Historical development, 22:23	Generally, 3:40
Loss corporations, defined, 22:25	Five-year income averaging device
Options, abusive principal purpose, 22:30	computing tax, 3:41
Ordering rules, 22:50	not available to IRAs, 3:54
Ownership change	Lump sum distributions, 3:41
generally, 22:26	Rollover to another plan, 3:42
aggregation and segregation rules, 22:33 holding company formation, 22:36	SECTION 409A
loss terms defined, 22:38	
multiple transaction rules, 22:34	Nonqualified deferred compensation plans, treatment under Section 409A, 3:91
shift in ownership, 22:31	
stock included, determination	SECTION 469
generally, 22:29	Choice of entity considerations, 1:8
constructive ownership, 22:30	Passive loss rules
testing period, 22:37	generally, 5:30
Priority of Section 269	capital structure considerations
generally, 22:18	C corporations, 5:32
overlapping coverage, effect, 22:49	S corporations, 5:33
Regulatory authority, 22:48	investment interest limits, 5:31
Tests for options, 22:30	SECTION 482
•	Best method rule, 23:16
SECTION 385	Historical development, 23:13
Characterization binding on parties, 5:4	History of regulations, 23:15
Interest as stock or indebtedness	Income calculation, 23:16
authorization for regulations, 5:4	Multiple corporations, restrictions
debt-to-equity ratio, 5:9	generally, 23:4
proportionality of equity-to-debt, 5:7	reallocating income and deductions, 23:12
SECTION 401	Prerequisites to application
Aggregated plans, 3:13	clear reflection of income, 23:15
Automatic enrollment, 3:2	common control and ownership, 23:14
Cash or deferred arrangements (CODAs)	evasion of taxes, 23:15
generally, 3:12	multiple entities used, 23:13
integration rules eliminated, 3:25	Regulations, 23:16
Coverage requirements, 3:19	Section 351 application, 4:37
Integration disparity rules, 3:20	SECTION 483
Integration rules	Security for security exchanges
defined benefit plans, 3:22	generally, 19:12
defined contribution plans, 3:21	rules
Nondiscrimination rules	issuances prior to 1984, 19:13
generally, 3:20 forfeitures, 3:24	1984 original issue discount rules, 19:14
matching contributions, 3:23	Stock for securities exchange, 19:8
•	<u> </u>
safe harbors, 3:25	Understated interest
Social Security integration, 3:21	generally, 5:34
special rules, CODAs, 3:25	close corporation context, 5:36
Nondiversion of trust assets, 3:16, 3:18	compared to Section 1274, 5:37
Participation requirements, 3:19	determination of amount, 5:39
Qualification requirements	historical background, 5:35
generally, 3:16	jurisdictional scope, 5:38
additional requirements, 3:30	personal holding company income, 9:10

SECTION 1045

Capital gains rates, 1:4

SECTION 1059

Stock basis, extraordinary dividend receipt, 6:14

SECTION 1244

Capital contributions, restrictions, **5:22**Gross receipts test, year of loss, **5:27**Information filing, loss recognition, **5:29**Small business corporations

annual limitation amounts, 5:20

class of stock, 5:22

corporate restructuring, use, 5:28

definition, overview, 5:21

domestic corporation issues, 5:23

individual shareholders eligible, 5:19

loss treatment, generally, 5:18

original issuance, 5:19

partnership application, 5:19

pre-11/7/78 requirements, 5:25

receipts, type permissible, 5:27

recordkeeping requirements, 5:29

stock issued for money or other property, **5:26** worthless stock, loss treatment, **5:2**

SECTION 1272

Imputed interest rules, annual accrual of interest element, **5:39**

SECTION 1273

Imputed interest rules, original issue discount defined, **5:39**

Redemption premium, reasonability, 7:11

compared to Section 483, 5:37

SECTION 1274

Imputed interest rules

determination of OID, **5:39**jurisdictional scope, **5:38**personal holding company income, **9:10**transactions and instruments exempt, **5:38**Potentially abusive situation, **5:39**Securities for securities exchanges
1984 original issue discount rules, **19:14**rules for issuances prior to 1984, **19:13**

SECTION 1274A

Imputed interest rules election for cash-method, **5:37** qualified debt instrument, **19:14**

SECTION 1276

Market-discount bonds, enactment generally, **5:37** accrued in recapitalizations, **19:7** interest reporting requirements, **5:40** recognition, securities exchange, **19:15**

SECTION 1361

Debt as a class of stock, **24:6** Eligible shareholders, **24:4** Ineligible corporations, **24:5** Qualified subchapter S trust (QSST), **24:4** Stock transfers, avoiding affiliated status, **24:5** Straight debt, defined, **5:3** Voting rights, differences, **24:6**

SECTION 1363

C conversion to S corporation, LIFO recapture requirement, **21:21**

SECTION 1374

Generally, 24:2
Corporations subject to, 24:22
Pre-1987 version, 24:23
Recognition period, 24:22
Reorganization participation
generally, 21:19
built-in gain rules, 21:20
ten-year recognition period, 21:20

SECTION 1551

Generally, **23:10**Brother-sister controlled groups, **23:10**Multiple corporations, restrictions, **23:4**Parent-subsidiary controlled groups, **23:10**

SECTION 1561

Generally, 23:5 to 23:9 Compared to Section 269, 23:11 Compared to Section 1551, 23:10 Dividing multiple benefits, 23:9 Multiple corporations, restrictions, 23:4

SECTION 1563

Stock ownership rules constructive ownership, 23:7 excluded stock, 23:6

SECTION 2036

Generally, 19:17

SECTION 2701

Valuations upon transfer, 19:17

SECTION 4980A

Excise tax on qualified plans
disposition of Section 133 stock, 3:9
disposition of securities by ESOP, 3:9
ESOP transactions, 3:9
excess distributions
generally, 3:50
highly-compensated employees, 3:27
qualified plans, 3:23
excess retirement accumulation, 3:50

SECTION 4980B SECURITIES—Cont'd Stock for securities exchange Continuing health care coverage generally, 19:8 plan requirements, 2:25 historical development, 19:5 reimbursements, excludability, 2:26 Section 1244 stock, **5:16 SECTION 6166** Worthless securities, generally, 5:14 Acceleration of taxes on transfer, 21:4 SECURITIES AND EXCHANGE Deferred payment of estate taxes COMMISSION acceleration rules, 11:19 active business requirement, 11:29 Eliminating minority shareholders, 21:3 Reorganization requirements, 18:14 coordination with Section 303, 11:17 deductibility of interest, 11:15 SECURITIES FOR SECURITIES percentage ownership requirement **EXCHANGES** adjusted gross estate test, 11:10 Generally, 19:9 aggregation rule, 11:11 Boot securities, 19:10 personal holding company, use of, 11:29 Corporate level, effect at, 19:16 premature withdrawal of funds, 11:18 Interest arrearages, 19:11 tainted withdrawals, 11:19 Market-discount rules, 19:15 Qualified debt instrument, defined, exception to SECTION 7872 OID, 19:14 Below-market loans, related parties Unstated interest de minimus exception, 5:41 generally, 19:12 relation other provisions, 5:37 law prior to 1984, 19:13 **SECURITIES** 1984 original issue discount rules, 19:14 Basis in reorganizations **SECURITY HOLDERS** generally, 18:69 Reorganization transactions, tax consequences, restructuring transactions, 19:29 generally, 18:66 et seq. Boot characterization, reorganizations vs. Restructuring transactions incorporations, 4:40 Defined for reorganizations, 18:67 basis determination, 19:29 Distributed in corporate divisions tax consequences, generally, 19:28 generally, 20:4 SELF-CHARGED INTEREST eighty-percent control test, 20:5 Passive loss rules. 5:33 tax consequences to distributor, 20:28 tax consequences to shareholders, 20:32 SELF-EMPLOYED INDIVIDUALS For securities exchange, overview, 19:9 Group term life insurance benefits, exclusion for For stock exchange, restructure, 19:7 employees only, 2:36 Formation of corporations, receipt Health care coverage, excludability, 2:25 generally, 4:1 SELF-INSURED MEDICAL PLANS boot characterization, 4:17 Excludability, antidiscrimination rules, 2:25 character of recognized gain, 4:16 continuing investment in property, 4:10 SENATE FINANCE COMMITTEE REPORT defined, Section 351 transactions, **4:13** Reform proposals, reorganization provisions, exchanged for appreciated property, 4:7 21:23 policy of nonrecognition, 4:10 **SEP** Hybrid, equity in reorganizations, 18:5 Generally, 3:55 Interest arrearages, generally, 19:7 For detailed treatment see index heading SIMPLI-Loss on debt, nature FIED EMPLOYEE PENSION PLANS generally, 5:14 corporate shareholders, 5:16 SEPARATE RETURN LIMITATION YEAR (SRLY) Reorganizations Generally, 22:21 excess principal amount, 18:68 Brother-sister combinations, 21:4 interest arrearages, discharge, 18:66 Consolidated returns, 22:21 Securities for securities exchanges. See index

heading securities for securities exchanges

Loss corporation survives merger, 21:4

Liabilities of, assumption in B reorganizations,

Liquidating distributions to, tax consequences,

14:2 to 14:5

SEXUAL HARASSMENT CLAIMS SHAREHOLDERS—Cont'd Attribution rules, Section 302 redemptions, 10:4 Settlement, 22:8 to 10:6 SHAM TRANSACTIONS Bargain sales or rentals, 6:9 Acquisitions of loss corporations, Section 269, Basis in distributed property scope, 22:17 dividends, 6:17 SHAREHOLDER CREDITORS redemptions, 10:15 Basis in reorganizations Accumulation of earnings purpose, 8:11 generally, 18:69 Capital structure considerations restructuring transactions, 19:29 C corporations, 5:32 S corporations, 5:33 Below-market loans, related parties, 5:41 Constructive dividends Business purpose, reorganizations, 18:12 generally, 6:8 Capital structure considerations advances to shareholders, 6:10 C corporations, 5:32 S corporations, 5:33 Debt or preferred stock, compared, 5:2 Interest permitted after redemption, waiver of Constructive dividends, 6:8 to 6:12 attribution rules, 10:5 Corporate divisions Loss on debt, not a security, 5:15 basis in property received, 20:34 Proportionality of equity to debt, 5:7 receipt of boot property, 20:33 Reorganization transactions tax consequences to, generally, 20:32 basis determination, 18:69 Corporation as agent for, 1:15 boot property receipt Corporation's own obligations generally, 18:68 generally, 6:19 restructuring transactions, 19:28 to 19:31 effect on earnings and profits, 6:18 tax consequences, 18:66 Creditors. See index heading SHAREHOLDER CREDI-S corporations basis in debt obligations, 24:15 Dealer status determination, collapsible corporations, 17:12 economic outlay, required, 24:16 Disposition of Section 306 stock, 13:13 SHAREHOLDER EMPLOYEES Disproportionate distributions Constructive dividends generally, 7:5 generally, 6:8 convertible preferred stock, 7:13 excessive compensation, 6:11 two classes of stock, 7:9 Health care coverage, disguised dividends, 2:25 Dissenting Independent contractor after, waived attribution A reorganizations, 18:17 rules, 10:5 B reorganizations, 18:25 Partnership treatment, S corporations, 24:12 reverse triangular A, 18:57 Personal holding company income, personal ser-Dissolution, shareholders' liability for taxes, 1:16 vice contracts, 9:17 Distributions of appreciated property Prohibited interest, waived attribution rules, 10:5 effect on earnings and profits, **6:18** Reasonable compensation, independent-investor historical development, 6:15 test, **6:11** taxed on fair market value, 6:17 S corporations Employees. See index heading shareholder employment taxes, 24:31 EMPLOYEES fringe benefits, 24:12 Equity interest in reorganizations, 18:5 shareholder's estimated taxes, 24:31 Estimated taxes, S corporations, 24:31 Section 482 application, 23:13 Expenses of reorganization (B), 18:24 Transactions with corporation, reallocation by Financial interest after redemption, waived attriservice, 23:13 bution rules, 10:5 SHAREHOLDER GUARANTORS Guarantees on loans, 1:2 Joint and several liability for tax, waived attribu-S corporations, basis in debt obligations, 24:16 tion rules, 10:6

SHAREHOLDERS

Approval in reorganizations A reorganizations, **18:14** C reorganizations, **18:32**

SHAREHOLDERS—Cont'd	SHAREHOLDERS—Cont'd
Loss corporations, holding company formation, 22:36	Section 1244 stock, losses—Cont'd property contributions, basis, 5:24
Minority shareholders	recordkeeping requirements, 5:29
appreciated property distributed, 15:9	Services after redemption, 10:5
elimination of, 21:3	Tax consequences of redemptions, 10:14, 10:15
liquidate subsidiary into parent, 15:7	Taxable gain realization, collapsible corporations
Nature of losses on stock or debt, 5:16	17:9
Nonpermitted shareholders, distributions by S	Termination of interest
corporation, 24:19	generally, 10:4
Options for choice of receipt, 7:4	substantially disproportionate, 10:7
Ownership change determination, 22:27	Transactions with corporation, reallocation by
Partial liquidations, dividend distribution, 10:9	service, 23:13
Passive activity loss limitations, 1:8	Use of corporate property, personal holding company income, 9:16
Passive loss rules, 5:30	Waiver of family attribution
Personal rights vs. beyond control, B reorganizations, 18:23	generally, 10:5
Prohibited interest, waived attribution rules, 10:5	entity attribution, 10:6
Redemptions	
generally, 10:1	SHORT POSITIONS
meaningful reduction in interest, 10:8	Small business corporation stock, capital gains
pro rata surrender of stock, 10:9	exclusion, 1:4
Reinvestment for business needs, 8:7	SHORT-TERM NOTES
Reorganizations	Exchanged in recapitalization, 19:7
approval in reorganizations, above	SIMPLE IRA PLANS
boot property receipt, 18:68	Generally, 3:11
tax consequences, generally, 18:66 et seq.	•
Restructuring reorganizations	SIMPLE RETIREMENT PLANS
basis in property received, 19:29	Generally, 3:11
boot property receipt, 19:28	Selection considerations, 3:101
receipt of boot property, 19:28	SIMPLIFIED EMPLOYEE PENSION PLANS
tax consequences, generally, 19:27	(SEPs)
Retain appreciating assets, 1:2	Generally, 3:50
Retirement of, stock for stock recapitalization,	Compensation deduction limit, 3:35
19:6	Disqualified actions, reduced salaries, 3:56
S corporations, eligibility generally, 24:4	Distributions, 3:57
basis in stock, adjustments, 24:15	Employer contribution to IRA
consent to election, 24:7	generally, 3:55
distributions by, 24:19	deduction limitations, 3:56, 3:58
liquidation of corporation, 24:27	Inflation adjustments, 3:56
loss limitations	Integration with Social Security, 3:59
generally, 24:16	IRS model plan, 3:59 Requirements for qualification, 3:56
at risk rules apply, 24:17	
passive loss rules apply, 24:18	SINGLE CLASS OF STOCK
passive loss futes apply, 24:16 pass through of tax items, 24:14	S corporation rules, 24:6
S corporations, momentarily held	SMALL BUSINESS CORPORATION TRUST
post-1982 law, 21:19	S corporation shareholder, 24:4
pre-1982 law, 21:18	•
Sale of stock	SMALL BUSINESS CORPORATIONS
redemption, 10:17	Generally, 5:24
Section 338 election, 16:3	Accrual method of accounting, 1:10
Section 306 stock dispositions, 13:13	Active business requirement, capital gains exclusion 1.4
Section 1244 stock, losses	sion, 1:4
generally, 5:19	Alternative minimum tax, exemption post-1997, 1:5
Scholary, Soil	1.0

SOLE PROPRIETORSHIPS—Cont'd SMALL BUSINESS CORPORATIONS—Cont'd Loss treatment, generally, 5:18 Capital gains exclusion, 1:4 Cash method of accounting, 1:10 Tax rates, 1:3 Corporate divisions, generally, 20:36 Taxation of business income, 1:3 Defined, capital gains exclusion, 1:4 SOLELY FOR VOTING STOCK Elective rollover of gain, 1:4 B reorganizations Loss treatment generally, 18:20 generally, 5:18 acquisition of leased assets, 18:26 annual limitation amounts, 5:20 assumption of liabilities, 18:25 eligible shareholders, 5:19 expenses, payment of, 18:24 S corporations related transactions, 18:26 generally, 24:1 rights in stock, 18:23 election requirements, 24:7 solely for requirement, 18:22 termination requirements, 24:9 voting stock defined, 18:21 Section 355 applicability, 20:36 Section 1244 stock SPECIALIZED SMALL BUSINESS class of stock, 5:22 INVESTMENT COMPANY (SSBIC) corporate restructuring, use, 5:28 See index heading SMALL BUSINESS CORPORATIONS definition, overview, 5:21 Defined, 1:4 domestic corporation issues, 5:23 SPIN-OFF TRANSACTIONS individual shareholders eligible, 5:19 See also index heading corporate divisions loss treatment, generally, 5:18 Basis determination, shareholders, 20:34 original issuance, 5:19 Business purpose examples, 20:6 partnership application, 5:19 Distributions to shareholders, 20:28 pledged stock, 5:19 Gain recognition, 20:30 pre-11/7/78 requirements, 5:25 Pro rata distribution, evidence of devise, Section receipts, type permissible, 5:27 355, 20:10 recordkeeping requirements, 5:29 Section 301 applicability, 20:33 Simple cafeteria plans for small businesses, 2:49 Target prior to C reorganization, 18:37 Specialized small business investment company, Unwanted assets situation, 21:8 Stock eligibility, capital gains exclusion, 1:4 SPLIT-DOLLAR LIFE INSURANCE Stock issued for money or other property, 5:26 Interim guidance, 2:43 Subchapter S election, generally, 24:1 Prior law, 2:43 Worthless stock, loss treatment, 5:2 **SPLIT-OFFS** SMALL BUSINESS STOCK (SBS) See also index heading CORPORATE DIVISIONS Capital gains rates exclusion, 1:3 Basis determination, shareholders, 20:34 Rollover of gain on qualified, 1:4 Boot within gain rule, 20:33 **SOFTWARE** Gain recognition, 20:30 Amortization, 14:20 Nonpro rata, redemptions, 20:33 **SOLE PROPRIETORSHIPS SPLIT-UPS** Choice of entity considerations, 1:1 See also index heading corporate divisions Continuity of business, 1:2 Basis determination, shareholders, 20:34 Fringe benefit plans Boot within gain rule, 20:33 generally, 2:1 Distributions to shareholders, 20:28 not available, 1:11 Gain recognition, 20:30 Group term life insurance benefits, exclusion for Tax attributes of parent, 20:31 employees only, 2:36 Incorporation under Section 351 SRLY generally, 4:34 See index heading separate return limitation year accounting method and elections, 4:35 depreciation recapture, 4:36 tax benefit rule, application, 4:38 See index heading specialized small business transfer of income rights, 4:37 INVESTMENT COMPANY

STAMPS	STOCK—Cont'd
Capital gains rates exclusion, 1:3	Contingent stock rights, 21:15
STATE STATUTES	Convertible stock. See index heading CONVERTIBLE
Reorganization requirements, 18:14	STOCK OR SECURITIES
	Debt financed stock. See index heading DEBT
STATED REDEMPTION PRICE	FINANCED STOCK
Securities for stock, historical development, 19:7	Defined
STATUTE OF LIMITATIONS	eighty-percent ownership tests, 15:3
Distributions of stock, controlled corporations,	incorporations, 4:12 reorganizations, 18:67
20:30	Dispositions, Section 306 stock, generally, 13:13
Prohibited interest acquired, extends, waiver of	to 13:15
family attribution, 10:5	Dispositions in reorganizations, unrelated
Section 355(e) distributions, 20:30	persons, 18:9
STATUTORY MERGER AND	Distribution by corporation
CONSOLIDATION	generally, 6:19
Generally, 18:14	effect on earnings and profits, 6:18
See index headings a reorganizations;	Distribution in corporate divisions
REORGANIZATIONS	generally, 20:4
STEP TRANSACTION DOCTRINE	eighty-percent control test, 20:5
Generally, 18:13	tax consequences to distributor, 20:28
B reorganizations	tax consequences to shareholders, 20:32 Dividends. See index heading DIVIDENDS
preceding transactions, 18:28	ē
subsequent liquidation of target, 18:31	Employee stock ownership plans. See index heading employee stock ownership plans
Bausch & Lomb doctrine, 21:5	(ESOPS)
C reorganizations	Escrow stock transactions, 21:16
extraordinary dividends, 18:37	Exchanged for Section 306 stock, 13:8
redemption of dissenters, 18:37	Exchanged for securities, historical development,
Integrated plan, 16:4	19:5
Liquidation after B reorganization, 21:5	Exchanged for stock, 18:20
Liquidation reincorporation, 21:9 Spin off with reorganization, 21:8	Formation of corporations
Triangular A mergers, 18:50	appreciated property exchanged, 4:7
	exchanged for property, 4:9
STOCK	nonrecognition of gain, 4:1 property defined, 4:3
See also index headings convertible preferred	services contributed for stock, 4:4
STOCK; PREFERRED STOCK; SHAREHOLDERS Antidilution provisions, constructive distribu-	Guaranty stock, equity in reorganizations, 18:5
tions, 7:14	Holding period, corporate shareholders, 6:14
Attribution rules	Incorporation vs. reorganization, 4:40
multiple corporations, 23:7	Issued for money or other property, Section 1244
personal holding company tax, 9:5	restrictions, 5:26
Section 302 redemptions, 10:3	Liquidating distributions, blocks of stock, alloca-
Section 303 redemptions, 11:28	tion, 14:3
Section 304 transfers, generally, 12:3	Liquidation, partial, redemption treatment, 10:9 to 10:11
Basis	Losses, generally, 5:13
reduced, extraordinary dividends, 6:14	Nature of gain or loss
reorganizations, shareholders', 18:69	generally, 5:12
restructuring transactions, 19:22 to 19:31	corporate shareholders, 5:16
S corporations, 24:15 Section 306 stock, 13:12	Options for choice of receipt, 7:4
triangular reorganization, 18:65	Original issuance, Section 1244 stock, 5:22
Capital contributions, restricted, Section 1244,	Ownership changes
5:22	generally, 22:26
Characterization of interest, 5:4	determination based on value, 22:28
Consent stock, dividend paid deduction, 8:23	Section 1504(a)(4) stock, 22:29
	Index-69

STOCK—Cont'd	STOCK RIGHTS
Ownership test, personal holding company tax	Basis allocation, 7:16
generally, 9:4	Pro rata distribution, common shareholders, 7:3
constructive ownership, 9:5	Qualification as stock, reorganizations
Parent-subsidiary transactions, 12:7 to 12:11	generally, 18:67
Portfolio stock, defined, dividends received	boot property, 18:68
deduction, 6:14	Section 306 distributions, 13:11
Prior offering outstanding, Section 1244, 5:25	Section 1244 stock, considerations, 5:25
Pro rata distribution of common, 7:3	STOCK SALE OR PURCHASE
Redemptions, Section 302	
generally, 10:1	Generally, 16:1
complete termination, 10:4	Capital gains exclusion, 1:4
no dividend equivalence, 10:8	Deemed asset purchase
partial liquidations, 10:9 to 10:11	allocation of deemed price, 14:18
substantially disproportionate, issued and	compared to corporate liquidation, 14:17
outstanding stock, 10:7	compared to subsidiary liquidation, 15:14
Redemptions, Section 303	qualified stock purchase, 16:4
generally, 11:1	Section 338 overview, 16:3
aggregation based on value, 11:11	Election requirement
eligible stock, 11:4	generally, 16:5
liability for payment, 11:16	deemed election, 16:6
Redemptions, Section 304	Section 338(h)(10) election, 16:7
generally, 12:1	Historical background, 16:2
Reorganization vs. incorporation, 4:40	Small business corporation, capital gains exclu-
Reorganizations, contingent rights to additional,	sion, 1:4
21:15	Underwriters, Section 351 transactions, 4:24
Section 382 considerations, 22:28 to 22:30	STOCK WARRANTS
Section 385, restructure interest, 5:4	Equity in reorganizations, 18:5
Section 1244 stock	Qualification as stock
generally, 5:18	B reorganizations, 18:21
definition, 5:21 to 5:27	reorganizations
issuances prior to 11/7/78, 5:25	generally, 18:67
recordkeeping requirements, 5:29	boot property, 18:68
Single class rules, S Corporations, 24:6	Section 1244 stock, considerations, 5:25
Small business corporation, eligible, capital gains	
exclusion, 1:4	STRAIGHT DEBT
Subsidiary eighty-percent ownership, 15:3	S corporations, defined
Valuation issues	generally, 5:3
personal holding company tax, 9:4	capital structure considerations, 5:33
redemption to pay death taxes, 11:11	SUBSIDIARIES
Voting rights, prohibited interest, waived attribu-	
tion rules, 10:5	See also index heading PARENT CORPORATIONS Asset acquisitions, prior stock ownership, 21:5
Voting stock requirement, B reorganizations,	
18:21 to 18:26	Creation for triangular A, 18:49 Dividends received deduction 6:13
Worthless, ownership changes, 22:35	Dividends received deduction, 6:13
STOCK FOR STOCK REORGANIZATIONS	Liquidation into parent
Generally, 18:20	generally, 15:1
See index headings B REORGANIZATIONS;	compared to corporate liquidation, 14:16
REORGANIZATIONS	deemed asset purchase election, 15:14
	distributions, time period, 15:5
STOCK OPTIONS	eighty-percent ownership test, 15:3
Equity in reorganizations, 18:5	intercorporate debt retirement, 15:9
Qualification as stock	plan of liquidation adopted, 15:4
B reorganizations, 18:21	tax consequences of transfer, 15:8
boot considerations, 18:23	Loss corporation as parent, value determination
Section 1244 stock, considerations, 5:25	rules, 22:40

SUBSIDIARIES—Cont'd	TARGET CORPORATIONS—Cont'd
Loss disallowance on sales of stock, 15:11	Dissenting shareholder redemption, 18:37
Mirror transactions	Distributions to shareholders, tax consequences,
Section 304, 12:17	18:64
Section 337 and liquidations, 15:11	Dividends regularly paid, determination of total
Planning redemption to pay death taxes, use of	assets, 18:37
affiliated corporations, 11:30	Earnings and profits carryover, 22:8
Regulatory authority of IRS, 15:12	Liabilities, payment of, 18:34
Related corporation redemptions, 12:1	Liquidation requirement, 18:45
Reverse triangular A, disappears generally, 18:55	Member of consolidated group, Section 338(h)(10) election, 16:7
substantially all properties, 18:56	NOL carryovers, preacquisition year, 22:7
Sale of, preceded by dividend distribution, 6:13	Party to reorganization
Section 332, requirements	A reorganization, 18:14
generally, 15:2	generally, 18:61
retroactively inapplicable, 15:5	B reorganization
Stock of parent, transactions in	generally, 18:20
generally, 12:7 to 12:11	triangular transaction, 18:30
reorganizations, generally, 18:47	Preacquisition losses of acquirer, 22:51
Tax consequences of corporate divisions	Reorganization expenses (B), 18:24
assumption of liabilities, 20:24	Reverse triangular A, surviving corporation,
consideration transferred, 20:26	18:54
tax attributes, limited carryover, 20:27	S corporation as target, built-in gain rules, 21:20
transfers to controlled subsidiary, 20:23	Substantially all properties
Tax consequences of liquidation	C reorganizations
minority shareholders, 15:7	generally, 18:33
parent corporation, 15:6	illustrative examples, 18:38
subsidiary corporation, 15:8	reverse triangular A, 18:56
Triangular reorganizations	Unwanted asset problem
A, statutory merger	generally, 21:6
generally, 18:48	nontaxable dispositions, 21:8
no stock of subsidiary used, 18:52	taxable dispositions, 21:7
surviving corporation, 18:49	TAX ATTRIBUTES
adjustments to basis of parent, 18:65	Generally, 22:1 et seq.
B, stock for stock, 18:30	See also index heading ownership change
C, stock for assets, 18:44	Built-in gains of S corporation, carryover provi-
TARGET CORPORATIONS	sions, 24:22
See also index heading reorganizations	Built-in gains of target, acquirer with preacquisi-
Assets of target corporations, only a portion	tion loss, 22:51
wanted, 21:6	Carryback limitation, 22:5
B reorganizations	Carryover in corporate divisions, 20:27
liquidation effect, 18:31	Carryover to acquiring corporation
party to reorganization, below	generally, 18:34
preceding transactions, 18:28	G reorganizations, 19:20
series of acquisitions of stock, 18:29	Carryovers
Built-in gains limitation	generally, 22:6
generally, 22:51	accounting methods, 22:10
S corporation as target, 21:20	assumption of liabilities, 22:12
C reorganizations	capital losses, 22:9
dissenting shareholder redeemed, 18:37	certain credits, 22:13
liabilities incurred prior to, 18:41	earnings and profits, 22:8
substantially all properties, below	net operating losses, 22:7
Contingent rights in stock, 21:15	other carryover items, 22:14
Debt guarantees by shareholders, assumption by	tax benefit items, recovery, 22:11
acquirer, 18:25	Choice of entity considerations, 1:1

TAX ATTRIBUTES—Cont'd	TAX AVOIDANCE PURPOSES
Consolidated returns, limitations, 22:21	Acquisitions of loss corporations, 22:16
Discharge of indebtedness income, stock for debt exception, 19:7	Devise to avoid taxes. See index heading Devise TO AVOID TAXES
Financially distressed corporations, indebtedness for interest, 22:47	Distributions by controlled corporations devise restriction, overview, 20:9
Historical development	liabilities to subsidiary, 20:24
generally, 22:2	transactions lacking potential of, 20:13
Libson Shop doctrine, 22:52	Liquidating distributions, transferred basis prop-
loss limitations, 22:22	erty, 14:11
Inflation reduction act	Liquidation reincorporation, 21:9
transfer of eligible credits, 22:54	Multiple corporations, use of, 23:10
Interest loss, carryback limitation, corporate equity reduction, 22:53	Nontax business reasons, Section 269, greater than or equal to, 22:20
Loss corporations defined, 22:25	Reallocating income and deductions, 23:12
Loss limitation, comparison among provisions, 22:49	Reorganizations generally, 18:12
Ownership change determinations	assumption of liabilities, 18:63
generally, 22:26 to 22:38	Section 306 stock disposition, 13:21
definition of terms, 22:38	Statutory presumption, liquidations, 14:11
Preacquisition loss of acquirer, built-in gains of target, 22:51	TAX BENEFIT RULE Deductible expenses to corporation, previously
Reorganization vs. incorporation, 4:40	expensed items, 14:14
Restrictions on carryovers	Liquidating distributions
generally, 22:15	application after TRA 1986, 14:12
consolidated return area, 22:21	historical development, 14:6
Section 269	TAX CREDITS
generally, 22:16	Carryover to acquiring corporation, 22:13
scope of provision, 22:17 Section 382	Excess credits defined, Section 383 application, 22:50
generally, 22:23	TAX EXEMPT RATE
overview of provision, 22:24	
Section 383, generally, 22:23	Long term, loss limitation, determining, 22:41
Section 108	TAX MOTIVATED TRANSACTIONS
application of Section 382, 22:47	Liabilities transferred on incorporation, 4:21
debt canceled for stock, 19:7	Transfer of income rights, Section 351, 4:37
Section 269, disallow carryovers	TAX PREFERENCES
generally, 22:16	Alternative minimum tax, 1:5
carryover basis property acquired, 22:19	
control acquired, 22:18	TAX RATE STRUCTURE
scope of provision, 22:17	Capital gains rates, 1:3 Corporations
tainted purpose, 22:20 Section 381	generally, 23:9
generally, 22:3	choice of entity, 1:3
asset transfers applicable, 22:4	Phase out of 15% and 25% rates, 1:3
operating rules, 22:5 to 22:14	Sale of appreciated property, corporate/personal
Section 382, background	spread, effect, 4:32
generally, 22:22	
historical development, 22:23	TAX SHELTERS
statutory overview, 22:24	Accrual method of accounting required, 1:10
Separate return limitation year rules, 22:21	Method of accounting, limitations, 1:10
Stock for debt exception, discharge of debt	Passive activity loss limitations, 1:8
income, 19:7	TAX TABLE
Target corporation, B reorganization, 18:20	Corporate income tax rates, 1:3

TAXABLE INCOME Realization by corporation, collapsible corporations, 17:8 S corporations built-in gain recognition, 24:22 computation, 24:13

S termination year, 24:10

TAXABLE YEAR Acquisition year, divided, 22:7 Annual business cycle test, S corporations, 24:11 Capital loss carryover, first applied, 22:9 Change date, Section 382, 22:38 Closing of, asset transfers, 22:5 Earnings and profits determination, **6:7** Earnings and profits proration, 22:8 Exceptions to required year, 1:9 Gross receipts test, S corporations, 24:11 Liquidating distributions series over multiple years, 14:3 subsidiary into parent, 15:5

Multiple corporations, advantages, 23:3 Natural business year test, S corporations, 24:11 NOL carryback, interest loss, corporate equity

reduction, 22:53 NOL carryover, first year to apply, 22:7

Ownership tax year test, S corporations, 24:11 Postacquisition part year, 22:7

Postchange year, Section 382, 22:38 Preacquisition part year, 22:7

Required years, 1:9 S corporation

> permitted year requirements, 24:11 reorganization involvement, 21:22

sale of stock. 24:30

Seasonal business test, S corporations, 24:11 Section 306 stock

determination of E and P. 13:5

dividend determination, 13:15 Section 332 liquidations, 15:5

Section 444 election, Section 7519 required payments, 24:11

Short year

S corporation termination year, 24:10 tax rate structure, 23:9

Testing period for Section 382, 22:37

TAXPAYER RELIEF ACT OF 1997

Capital gains rate changes, 1:3 Taxable incorporations, capital gains considerations, 4:32

TENTATIVE MINIMUM TAX

Alternative minimum tax, structure, 1:5

TERMINATION OF QUALIFIED PLANS

Insurance required generally, 3:81 effect of coverage, 3:84 notification requirements, 3:85 pension benefit guaranty corporation, 3:82 plans required to be covered, 3:83 Nonforfeitable vested rights, 3:28 Non-vested benefits, 3:27 Notice of intent to terminate, 3:85

TRADE NAMES

Intangible assets, defined, 14:20

TRADEMARKS

Intangible assets, defined, 14:20

TRANSFER PRICING

Generally, 23:12 Control test, 23:14 History of regulations, 23:15 IRS determination, 23:15 Ownership test, 23:14 Regulations, 23:16 Related corporations, 23:13 Requirements for reallocation, 23:13

TRANSFERABILITY OF OWNERSHIP **INTERESTS**

Classification of entity generally, 1:14 prior law, 1:13 Restrictions, generally, 1:2

TRANSFERS

All substantial rights in property, 4:5 Investment companies, diversification of interest, 4:41 Retained interests, 19:17 Section 351 purposes generally, 4:5 subsequent transfer of stock, 4:24 Section 2701, 19:17 Small business corporation stock, capital gains exclusion, 1:4

TRANSFERS OF ASSETS

Assumption of liability, **4:19, 4:27**

TRANSPORTATION EXPENSES

Excludable fringe benefit, 2:8

TRAVEL EXPENSES

Fringe benefits, 2:16

TRIANGULAR REORGANIZATIONS

B stock for stock, 18:30 C stock for assets, 18:44 Forward A generally, 18:48

TRIANGULAR REORGANIZATIONS	2017 TAX ACT—Cont'd
—Cont'd	S corporations, 24:13
Forward A—Cont'd	Sexual harassment claims settlement, 22:8
continuity of interest, 18:51	UNCONTROLLED COMPARABLES
examples of transactions, 18:53	Best Method Rule, 23:16
stock of parent used, 18:52	Best Method Rule, 23:10
subsidiary as survivor, 18:49	UNDERWRITERS
substantially all properties, 18:50	Stock offered through, 4:24
G reorganizations, 19:20	Stock officied unough, 4.24
Groman-Bashford doctrine, 18:7	UNSTATED INTEREST
Historical development, 18:47	Section 483
Parent's basis in stock, 18:65	generally, 5:34
Remote continuity of interest, 18:7	test rate used, 5:36
Reverse A	Securities for securities exchanges, rules
generally, 18:54	issuances prior to 1984, 19:13
consideration permissible, 18:58	-
substantially all properties, assessment, 18:56	1984 original issue discount rules, 19:14
target corporation survives, 18:55	Stock for securities exchange, 19:8
timing of control acquisition, 18:57	VALUATION ISSUES
TRUSTS	Alternate date estate valuation, Section 303
Attribution rules	redemptions, 11:31
interest retained after waiver, 10:5	Asset valuation, 21:14
personal holding company stock, 9:5	Assets tainted, collapsible corporations, 17:10
redemptions under Section 302, 10:3	Contingent consideration
waiver of family attribution, 10:6	generally, 21:14
Classification of entity	escrow transactions, 21:16
generally, 1:14	
	rights to additional stock, 21:15
prior law, 1:13	Control determination, Section 304, 12:3
Grantor trusts. See index heading GRANTOR TRUSTS	Estate tax freezes, generally, 19:17
Marital trusts, stock redemptions, 11:16	Fluctuations in stock, Section 382, 22:28
Passive activity loss limitations, 1:8	Intangible assets, defined, 14:20
S corporations	Junior equity interests, 19:17
consent to election, 24:7	Life insurance protection included in employee's
shareholder eligibility, 24:4	income, 2:43
successive beneficiaries, election consent, 24:4 Valuation of transfers, Section 2701, 19:17	Loss corporation, limitations, 22:40
	Personal holding company tax, 9:4
Waiver of family attribution rules, 10:6	Redemptions to pay death taxes
TUITION	generally, 11:11
Qualified tuition reduction, 2:12	alternate valuation date, 11:31
2017 TAX ACT	
	Reorganizations, type C
Generally, 1:1, 1:3, 1:12	appraisal of assets, 24:22
Accounting methods, 1:10	boot consideration, 18:43
Alternative minimum tax, 1:5 Built in losses, 22:45	Section 355 distributions, devise determination,
	20:10
Deferred compensation, 3:15, 3:20, 3:27, 3:45, 3:92, 3:93	Section 382, ownership changes
Fringe benefits	generally, 22:23
generally, 2:5, 2:6, 2:8, 2:9	50 percent of stock, 22:28
	Section 2036(c), restrictions, 19:17
accident and health plans, 2:24, 2:30	Section 2701 transfers, 19:17
employee achievement awards, 2:14	Stock
life insurance, 2:42, 2:43	
meals and lodging, 2:16	collapsible corporations, 17:5
Interest carryovers, 22:8	ownership change determined, 22:28
Net operating loss carryovers, 22:7	Transfers with retained interest, 19:17

VARIABLE PREPAID FORWARD CONTRACTS (VPFCs)

Tax consequences of acquisitive reorganizations, 18:72

VESTING OF BENEFIT PLANS

Generally, **3:28**Cost, methods to reduce, **3:99**Deferred for nonqualified plans, **3:108**Participation standards, exception, **3:19**Profit sharing plans, **3:6**Top heavy plans, **3:29**

VOTING RIGHTS

See also index heading REDEMPTIONS
B reorganizations, 18:21
Contractual restrictions, 18:21
Control determination, Section 304, 12:3
Prohibited interest, waived attribution rules, 10:5
Reduction for redemption treatment
not equivalent to dividend, 10:8
substantially disproportionate, 10:7
S corporations, classes of stock, 24:6

VOTING STOCK

Consideration in reorganization asset acquisitions, **18:39** statutory mergers, **18:15** triangular A merger, **18:51** S corporations, permissible stock, **24:6**

VOTING STOCK—Cont'd

Solely for requirement, stock for stock reorganizations, **18:21**

WAIVERS

Attribution rules employment as prohibited interest, **10:5** Section 306 stock holdings, **13:18** termination of interest, **10:4** ESOPs, 30-day notarization requirement, **3:9**

WARRANTS

Small business corporation stock, capital gains exclusion, **1:4**

WORKFORCE

Intangible assets, defined, 14:20

WORKING CAPITAL

Accumulation of earnings and profits, Bardahl formula, operating cycle, **8:12**

WORKING CONDITION FRINGE

Excludable fringe benefit, 2:5

WORTHLESS STOCK DEDUCTION

Ownership change, as, 22:35

ZERO COUPON BONDS

Historical development, 5:35