

26 CFR 1.601.201: Rulings and determination letters  
(Also Part I, §§ 355, 1.355-1.)

Rev. Proc. 2017-52

## SECTION 1. PURPOSE

This revenue procedure (1) introduces a pilot program expanding the scope of letter rulings available from the Internal Revenue Service (Service) to include for a period of time (see section 6 of this revenue procedure) rulings on the tax consequences of a distribution of stock, or stock and securities, of a controlled corporation under § 355 of the Internal Revenue Code (Code), (2) provides procedures for taxpayers requesting these rulings, and (3) clarifies procedures for taxpayers requesting rulings on significant issues relating to these transactions.

## SECTION 2. BACKGROUND

.01 Law.

Section 355(a)(1) provides that, if certain requirements are met, a corporation

(Distributing) may distribute stock, or stock and securities, of a controlled corporation (Controlled) to its shareholders or to its shareholders and security holders (Distributees), without recognition of gain or loss to, or inclusion of any amount in the income of, the Distributees.

Section 355(c)(1) provides that no gain or loss is recognized to Distributing upon a distribution of Controlled stock, or stock and securities, to which § 355 (or so much of § 356 as refers to § 355) applies and which is not in pursuance of a plan of reorganization.

Section 368(a)(1)(D) provides, in part, that a reorganization includes a transfer by Distributing of part of its assets to Controlled if, immediately after the transfer, Distributing or one or more of the shareholders of Distributing (including persons who were shareholders immediately before the transfer) are in control of Controlled; but only if, in pursuance of the plan, stock or securities of Controlled are distributed in a transaction which qualifies under §§ 355 or 356.

.02 Ruling Policy Prior to Pilot Program.

In Rev. Proc. 2013-32, 2013-28 I.R.B. 55, the Service announced that it would no longer rule on the tax consequences of various corporate transactions, including distributions intended to qualify under § 355, but that, instead, it would rule only on significant issues raised in these transactions (Significant Issue Ruling). This policy was set forth in section 3.01(51) of Rev. Proc. 2017-3, 2017-1 I.R.B. 130, 134, prior to its modification by section 5.06 of this revenue procedure. Prior to its modification by section 5.05 of this revenue procedure, Appendix G of Rev. Proc. 2017-1, 2017-1 I.R.B.

1, 96, provided that the information and representations described in Rev. Proc. 96-30, 1996-1 C.B. 696, as modified and amplified by Rev. Proc. 2003-48, 2003-2 C.B. 86, should be included in a ruling request addressing significant issues presented in a transaction described in § 355, but only to the extent related to the significant issues involved in the request. Rev. Proc. 96-30 describes information and representations that a taxpayer was required to submit in a request for a ruling under § 355 prior to the Service only issuing Significant Issue Rulings in accordance with the ruling policy announced in Rev. Proc. 2013-32.

The Service has reviewed its ruling program and determined that it should be expanded in a pilot program under the terms and conditions prescribed in this revenue procedure.

.03 Ruling Policy Under Pilot Program.

(1) Definitions. In this revenue procedure—

(a) Covered Transaction means (i) a transaction intended to qualify under §§ 368(a)(1)(D) and 355 or (ii) a distribution that is intended to qualify under §§ 355(a) and 355(c).

(b) Significant Issue Ruling is defined in section 2.02 of this revenue procedure.

(c) Transactional Ruling means a letter ruling that addresses the general federal income tax consequences of a Covered Transaction.

(2) Ruling policy. Under this revenue procedure, a taxpayer may request a Transactional Ruling for a Covered Transaction. If a plan includes multiple Covered Transactions, and the taxpayer requests a Transactional Ruling with respect to one or

more of the Covered Transactions, the taxpayer may request a Transactional Ruling, a Significant Issue Ruling, or no ruling with respect to each of the other Covered Transactions effected pursuant to the plan.

This revenue procedure does not alter the Service's policy that limits rulings on the device prohibition under § 355(a)(1)(B) and § 1.355-2(d), the business purpose requirement under § 1.355-2(b), and whether a distribution is pursuant to a plan under § 355(e). See section 3.01(54) of Rev. Proc. 2017-3, as modified by section 5.07 of this revenue procedure, and sections 3.03(6), 3.03(7), and 3.03(16) of this revenue procedure. More generally, see Rev. Proc. 2017-3 for other no-rule areas under § 355.

A Transactional Ruling may include the tax consequences of a Covered Transaction under §§ 312, 355, 357, 358, 361, 362(b), 362(e), 368(a)(1)(D), 368(b), 1032(a), 1223(1) and 1223(2), and relevant consolidated return regulations. The Service may decline to rule on tax consequences under any provision of the Code or the regulations or may include rulings under provisions other than those listed above.

(3) International rulings. This revenue procedure does not have an effect on Rev. Proc. 2017-7, 2017-1 I.R.B. 269, which provides the current list of those areas of the Internal Revenue Code under the jurisdiction of the Associate Chief Counsel (International) relating to matters on which the Internal Revenue Service will not issue letter rulings or determination letters. Therefore, routine or comfort rulings will not ordinarily be issued under the international provisions of the Code such as § 367. See *also* section 4 of Rev. Proc. 2017-7, 2017-1 I.R.B. 269.

### SECTION 3. PROCEDURES FOR TRANSACTIONAL RULING REQUESTS

.01 In general.

A taxpayer requesting a Transactional Ruling must follow the procedures in Rev. Proc. 2017-1 for requesting a letter ruling. In addition, the taxpayer must submit the documentation described in section 3.02 of this revenue procedure, the factual information and legal analysis described section 3.03 of this revenue procedure, and a statement regarding representations described in section 3.04 of this revenue procedure. Section 3.05 of this revenue procedure addresses supplemental ruling requests.

If the ruling request lacks essential information or sufficient legal analysis, the branch representative will request such information or legal analysis. If the taxpayer does not provide the requested information or legal analysis within 21 calendar days of the date of the Service's request, the ruling request will be closed unless an extension of time is granted before the expiration of the 21-day period. See section 8.05 of Rev. Proc. 2017-1.

If there is a need for a letter ruling to be issued by a particular date, the taxpayer may request that the Service issue a letter ruling by that date. In such a case, the request for the letter ruling must include the request for issuance by a particular date and a description of the reason the letter ruling is needed by that date and the consequences of not receiving the letter ruling by that date. The Service will attempt to accommodate reasonable requests made in a timely manner. However, the Service cannot guarantee that a letter ruling will be issued by a requested date.

Taxpayers are encouraged to consider the scope of ruling requests, especially

requests for Transactional Rulings. For example, if a plan includes both stock distributions within a consolidated group that raise no significant legal issues and a distribution of stock outside the group, a request for Transactional Rulings on the intragroup stock distributions may delay issuance of the letter ruling.

.02 Documentation for Transactional Rulings.

Notwithstanding the general rule in section 7.01(2)(a) of Rev. Proc. 2017-1, as modified by section 5.04 of this revenue procedure, a taxpayer requesting a Transactional Ruling should submit only the documents that may be relevant in determining whether to issue the requested rulings. If only a portion of a document is relevant to resolving an issue, the taxpayer must indicate the relevant portion or portions of the document, generally by highlighting or underscoring. In either instance, the taxpayer must summarize the relevant portion or portions and explain their relevance in the body of its request.

.03 Description of Covered Transactions, Related Transactions, and Legal Issues.

(1) In general. A request for a Transactional Ruling with respect to a Covered Transaction must include a description of each Covered Transaction and each other transaction that is part of the same plan or series of related transactions. The request must also include a description and analysis of all legal issues that may affect the requested rulings (even if arising in a Covered Transaction for which a Significant Issue Ruling or no ruling is requested). The descriptions must include sufficient factual information and legal analysis to allow the Service to determine whether to issue the requested rulings. See sections 7.01(8) and (9) of Rev. Proc. 2017-1. The information

and legal analysis described in this section 3.03 must be included in the body of the request.

A request for a Transactional Ruling must be accompanied by a statement describing the federal income tax consequences of all other material transactions related to the request.

For purposes of section 11.05(1) of Rev. Proc. 2017-1 (conditions under which a letter ruling may be revoked), a determination whether there has been a misstatement or omission of controlling facts is made solely on the basis of the information in the body of the request and without regard to any documents or other attachments, including those provided pursuant to section 3.02 of this revenue procedure.

If the Service finds that information relevant to the requested rulings is not included in the body of the request (whether or not it is included in a document attached to the request), the Service will bring the matter to the attention of the taxpayer's representative, request a supplemental submission correcting the omission, and take any other appropriate action.

The information required pursuant to this section 3.03 must include, as applicable, the information and legal analysis described in paragraphs (2) through (20) of this section 3.03.

(2) Control. The taxpayer must describe how Distributing will have control of Controlled immediately before the distribution under § 355(a)(1)(A) and how Distributing will meet the requirement that it distribute: (a) all of the Controlled stock and securities that it holds immediately before the distribution, or (b) an amount of Controlled stock

constituting control (within the meaning of § 368(c)) under § 355(a)(1)(D). If Distributing retains any Controlled stock or options after the distribution, the taxpayer must describe how Distributing meets the requirements of § 355(a)(1)(D)(ii).

(3) Active conduct of a trade or business. The taxpayer must provide a complete description of each business (Active Business) on which each of Distributing and Controlled relies to satisfy the requirements of § 355(b) and § 1.355-3(b) (Active Business Requirement). If Distributing or Controlled meets the Active Business Requirement by relying on § 355(b)(3), the taxpayer must so state and must describe the separate affiliated group and its relevant activities. If Distributing or Controlled relies on activities of a partnership to meet the Active Business Requirement, the taxpayer must so state and describe the facts and circumstances relating to the partnership. For each of Distributing and Controlled--

(a) The taxpayer must describe how each of the requirements of § 1.355-3(b) is met with respect to each Active Business. The information should establish that each Active Business engages in the collection of income and the payment of expenses.

(b) The taxpayer must submit a table showing the amounts of gross income earned and salaries and wages paid to employees during each of the past five years for each Active Business. The taxpayer should not submit financial statements to satisfy this requirement unless requested by the Service. *But see* paragraph (4) of this section 3.03.

(c) The taxpayer must demonstrate the performance of active and substantial managerial and operational functions for each Active Business during each of the past



five years and immediately after the distribution. To make this demonstration, the taxpayer must provide information on the duties and actions of employees in sufficient detail but should not provide more detail than necessary regarding the duties or actions of specific employees or groups of employees.

(d) If the Active Business or any material portion of the Active Business was acquired within the past five years, the taxpayer must describe the acquisition. Specifically, the taxpayer must describe whether: (1) the acquisition occurred in a transaction in which gain or loss was recognized in whole or in part; (2) any stock of Controlled was acquired in a taxable transaction; and (3) the acquisition constituted an expansion of an existing business (see, for example, § 1.355-3(b)(3)(ii)).

(4) Balance sheets. The taxpayer must provide the most recent available quarterly or annual (book) consolidated balance sheet. The taxpayer must also include the following schedules from its most recent Form 1120, U.S. Corporation Income Tax Return, or similar Form: L, M-1, M-2, or M-3, as applicable. In addition, the taxpayer must provide a pro forma balance sheet for each of the separate affiliated groups of which either Distributing or Controlled is the common parent (as defined in § 355(b)(3)(B)), as of immediately after the final distribution that is part of a plan or series of related transactions.

(5) Section 355(a)(3)(B). If Distributing acquired any stock in Controlled within the past five years, the taxpayer must describe the acquisition.

(6) Device prohibition. The taxpayer must describe the facts relevant to determine whether the distribution constitutes a device for the distribution of earnings and profits,

within the meaning of § 355(a)(1)(B). The description must include a discussion of the applicability or nonapplicability of the device and nondevice factors set forth in § 1.355-2(d). A Transactional Ruling may contain a ruling on a significant legal issue pertaining to the device prohibition, but the general issue of whether the distribution constitutes a device will not be addressed. See section 3.01(54) of Rev. Proc. 2017-3, as modified by section 5.07 of this revenue procedure.

(7) Business purpose. The taxpayer must describe the facts relevant to determine whether the distribution satisfies the corporate business purpose requirement under § 1.355-2(b). A Transactional Ruling may contain a ruling on a significant legal issue pertaining to the business purpose requirement, but the general issue of whether the distribution satisfies the business purpose requirement will not be addressed. See section 3.01(54) of Rev. Proc. 2017-3, as modified by section 5.07 of this revenue procedure.

(8) Continuity of interest. The taxpayer must provide a description of the facts relevant to determine whether the continuity-of-interest requirement under § 1.355-2(c) will be satisfied.

(9) Transactions between Distributing and Controlled. The taxpayer must submit a description of all transfers of property and all performance of services between Distributing (or its affiliates) and Controlled (or its affiliates) undertaken in pursuance of the plan of reorganization, in connection with the reorganization or otherwise related to the distribution.

(10) Loss recognized. The taxpayer must submit a description of any loss that will

be recognized in Covered Transactions or in a related transaction.

(11) Continuity of business enterprise. For a distribution that is also part of a reorganization qualifying under § 368(a)(1)(D), the taxpayer must explain how the taxpayer will meet the continuity of business enterprise (COBE) requirement under § 1.368-1(d).

(12) Indebtedness. The taxpayer must describe any issuance of indebtedness by Distributing (or any of its affiliates), the proceeds of which will be used to satisfy any pre-existing indebtedness of Distributing. See §§ 361(b)(3) and 361(c)(3), and Rev. Rul. 79-258, 1979-2 C.B. 143.

(13) Matching of income and deductions. The taxpayer must state the current method of accounting for each of the parties to the transaction. If one or more parties use the cash method of accounting, the taxpayer must explain the extent to which any actions have been or will be taken that are not in the ordinary course of business and that might affect the timing or the amount of any income or deduction to be recognized by a cash basis party to the transaction. See, for example, Rev. Rul. 80-198, 1980-2 C.B. 113. In addition, the taxpayer must submit a statement as to whether any income item, such as an account receivable, or any item resulting from a sale, exchange or disposition that would have resulted in income to Distributing, or any item of expense, will be transferred to Controlled. The taxpayer must submit a complete list with explanations if any of these items are being transferred.

(14) Transfer of property to Controlled and related matters. The taxpayer must describe (a) any transfer of property by Distributing (or any of its affiliates) to Controlled

(or any of its affiliates) in pursuance of the plan of reorganization or otherwise related to the distribution (including any transfer intended to qualify under § 351(a)), (b) any Controlled stock or securities or other consideration received therefor (actual or deemed), and (c) any distribution or other transfer of any such consideration to shareholders or creditors of Distributing in pursuance of the plan or reorganization, in connection with the reorganization, or otherwise related to the distribution.

(15) Disqualified distribution. The taxpayer must explain why the distribution will not be a disqualified distribution under § 355(d)(2).

(16) Planned 50-percent acquisitions. The taxpayer must state whether the transaction will be part of a plan or series of related transactions pursuant to which one or more persons acquire, directly or indirectly, stock representing a 50-percent or greater interest in the stock of Distributing or Controlled, and describe any relevant facts. See § 355(e) and §§ 1.355-7 and 1.355-8T (or successor regulations). Except as provided in section 3.01(54) of Rev. Proc. 2017-3, as modified by section 5.07 of this revenue procedure, the issue of whether a distribution is part of such a plan will not be addressed in a Transactional Ruling.

(17) Certain intragroup transactions. The taxpayer must state whether § 355(f), including by operation of § 1.355-8T (or successor regulations), precludes the application of § 355(a) to any distribution or exchange between members of an affiliated group, and describe any relevant facts.

(18) Disqualified investment corporation. The taxpayer must explain why, immediately after the distribution, neither Distributing nor Controlled will be a disqualified investment corporation (within the meaning of § 355(g)(2)).

(19) Real estate investment trust. If either Distributing or Controlled is a real estate investment trust, the taxpayer must so state and explain why § 355(a) (and so much of § 356 as relates to § 355) otherwise applies to the transaction. See § 355(h).

(20) Post-distribution transactions and relationships. The ruling request must include a description of any transactions expected to occur and continuing relationships expected to exist between Distributing and Controlled, and their respective affiliates or shareholders, and an explanation of the reasons why these transactions and relationships should not affect the requested rulings.

.04 Representations Required for Transactional Rulings.

(1) In general. A request for a Transactional Ruling must include a statement that, except as otherwise set forth in the submission, the taxpayer makes all the representations in section 3 of the Appendix to this revenue procedure in the form set forth therein. The taxpayer should not state the representations separately.

If a taxpayer requests a Transactional Ruling and also requests, with respect to any material transaction related to the request, either a Significant Issue Ruling or no ruling, the taxpayer must provide a representation as to the qualification of the material transaction under the relevant provision, e.g., whether the material transaction qualifies as an exchange under § 351, as a reorganization under § 368(a)(1) [insert appropriate subparagraph] and/or under § 355. The taxpayer should not make the representations

in the Appendix to this revenue procedure with respect to such material transaction.

If any of the representations in section 3 of the Appendix does not apply to the Transactional Ruling request (for example, representations regarding consolidated return matters if the taxpayers are not members of a consolidated group), the taxpayer should so state and explain why the representation does not apply.

If a representation in section 3 of the Appendix applies, but the taxpayer cannot make the representation in the form set forth in the Appendix, the taxpayer must explain its inability to make the representation in that form. If appropriate, the taxpayer should make a modified representation that addresses the same issue(s) and explain why the modification is necessary and should not prevent the Service from ruling as requested. In addition, if the taxpayer cannot make any of the following three representations in section 3 of the Appendix, it must provide the discussion set forth below:

(a) If the taxpayer cannot make representation 42, it must discuss the application of §§ 897 and 1445 to the distribution and any related transaction.

(b) If the taxpayer cannot make representation 43, it must discuss the application of §§ 367 and 1248 to the distribution and any related transaction.

(c) If the taxpayer cannot make representation 44, it must discuss the application of § 7874 to the acquisition.

Furthermore, if Distributing cannot make representation 25, it must enter into a closing agreement with the Service as a condition to receiving a letter ruling.

(2) Alternative representations. Representations 3, 8, 11, 15, 22, 31, and 41 of section 3 of the Appendix permit the taxpayer to make any of two or more alternative

representations. As to each of these items, the taxpayer should indicate which of the alternative representations it makes.

(3) Revisions to representations. Deviations from the required representations may delay the processing of a request. Taxpayers are encouraged to revise representations only if the revision makes the representations materially more accurate.

Furthermore, inconsequential changes to the representations should be avoided. For example, if Distributing or Controlled is a limited liability company with “membership interests” rather than “stock,” and is classified as a corporation for federal income tax purposes, it would be appropriate to include a description of the equity interests in the explanation of the facts and make representations referring to “stock”.

.05 Supplemental Ruling Requests.

If a taxpayer receives a Transactional Ruling, the taxpayer may request a supplemental ruling if the facts at the time of submission of the supplemental ruling request are materially different from the controlling facts on which the Transactional Ruling was based.

#### SECTION 4. PROCEDURES FOR SIGNIFICANT ISSUE RULING REQUESTS

A taxpayer may request a Significant Issue Ruling, pursuant to section 3.01(51) of Rev. Proc. 2017-3, as modified by section 5.06 of this revenue procedure, even if the Covered Transaction would qualify for a Transactional Ruling. The Service may, however, decline to issue a Significant Issue Ruling if it concludes that issuing a ruling on only part of an integrated transaction would not be in the best interests of tax administration.

In submitting a request for a Significant Issue Ruling, a taxpayer must submit the material described in section 6.03(2) of Rev. Proc. 2017-1, as modified by section 5.02 of this revenue procedure, and comply with the documentation requirements set forth in section 3.02 of this revenue procedure.

## SECTION 5. EFFECT ON OTHER DOCUMENTS

.01 Rev. Proc. 2017-1 is modified by adding the following subheadings under section 6.03 in the Table of Contents:

- (1) General rule
- (2) Significant issue ruling
  - (a) No rule areas
  - (b) Section 355 distributions and related transactions
- (3) Submission requirements

.02 Section 6.03 of Rev. Proc. 2017-1 is modified by deleting the text and adding the following text in its place:

(1) General rule. An Associate office ordinarily will not issue a letter ruling on only part of an integrated transaction. If a part of a transaction falls under a no-rule area, a letter ruling on other parts of the transaction may be issued. Before preparing the letter ruling request, a taxpayer should call a branch having jurisdiction for the matters on which the taxpayer is seeking a letter ruling to discuss whether the Associate office will issue a letter ruling on part of the transaction.

(2) Significant issue ruling.

- (a) No rule areas. The Service will not rule on the qualification of any



transaction under § 332, § 351, or § 1036, or (except as provided in paragraph (b) of this section 6.03(2)) on whether a transaction constitutes a reorganization within the meaning of § 368 (other than under §§ 368(a)(1)(D) and 355), regardless of whether such transaction is part of an integrated transaction (see section 3.01(51) of Rev. Proc. 2017-3, 2017-1 I.R.B 130, 134). Instead, the Associate Chief Counsel (Corporate) will only issue a letter ruling on significant issues (within the meaning of section 3.01(51) of Rev. Proc. 2017-3) presented in a transaction described in § 332, § 351, § 368 (other than under §§ 368(a)(1)(D) and 355), or § 1036. For example, the Service may rule on significant issues under § 1.368-1(d) (continuity of business enterprise) and § 1.368-1(e) (continuity of interest). Letter rulings requested under this section 6.03(2)(a) are subject to the no-rule policies of Rev. Proc. 2017-3, 2017-1 I.R.B. 130.

(b) Section 355 distributions and related transactions. Pursuant to section 4 of Rev. Proc. 2017-52 in I.R.B. 2017-41, in lieu of requesting a Transactional Ruling regarding a Covered Transaction, a taxpayer may request a Significant Issue Ruling. Letter rulings requested under this section 6.03(2)(b) are subject to the policies of Rev. Proc. 2017-3, 2017-1 I.R.B. 130.

(3) Submission requirements. Before preparing a letter ruling request under section 6.03(2) of this revenue procedure involving significant issues presented in a transaction described in § 332, § 351, § 355, § 368, or § 1036, the taxpayer is encouraged to call the Office of Associate Chief Counsel (Corporate) at the telephone number provided in section 10.07(1)(a) of this revenue procedure to discuss whether the Service will entertain a letter ruling request under section 6.03(2). The Service

reserves the right to rule on any other aspect of the transaction (including ruling adversely) to the extent the Service believes it is in the best interests of tax administration. *Cf.* section 2.01 of Rev. Proc. 2017-3, 2017-1 I.R.B. 130.

The taxpayer may request rulings on one or more significant issues in a single letter ruling request. Letter ruling requests under section 6.03(2) must include the following for each significant issue:

- (a) A narrative description of the transaction that puts the issue in context;
- (b) A statement identifying the issue;
- (c) An analysis of the relevant law, which should set forth the authorities most closely related to the issue and explain why these authorities do not resolve the issue, and an explanation concerning why the issue is significant within the meaning of section 3.01(51) of Rev. Proc. 2017-3, 2017-1 I.R.B. 130; and
- (d) The precise ruling(s) requested.

The taxpayer should consult other published authorities (*see*, for example, Appendix G of this revenue procedure, which identifies certain checklist and guideline revenue procedures including Rev. Proc. 2017-52) to identify information or representations but only to the extent that they relate to the issue.

If the Service issues a letter ruling on a significant issue under section 6.03(2), then the letter ruling will state that no opinion is expressed as to any issue or step not specifically addressed by the letter. In addition, letter rulings issued under section 6.03(2) will contain the following (or similar) language:

**This letter is issued pursuant to section 6.03(2) of Rev. Proc. 2017-1, 2017-1**

**I.R.B. 1, regarding one or more significant issues under § 332, § 351, § 355, § 368, or § 1036. The ruling[s] contained in this letter only address[es] one or more significant issues involved in the transaction. This Office expresses no opinion as to the overall tax consequences of the transactions described in this letter or as to any issue not specifically addressed by the ruling[s] below.**

.03 Section 6.11 of Rev. Proc. 2017-1 is modified by deleting the text and adding the following text in its place:

Except with respect to a Covered Transaction within the meaning of Rev. Proc. 2017-52, a letter ruling will not be issued with respect to an issue that is clearly and adequately addressed by statute, regulations, decision of a court, revenue rulings, revenue procedures, notices, or other authority published in the Internal Revenue Bulletin (Comfort Ruling). However, except with respect to issues under § 332, § 351, § 368, or § 1036 and the tax consequences resulting from the application of such Code sections (*see generally* section 6.03(2) of this revenue procedure), the Associate office may, in its discretion, decide to issue a Comfort Ruling if the Associate office is otherwise issuing a letter ruling to the taxpayer on another issue arising in the same transaction.

.04 Section 7.01(2)(a) of Rev. Proc. 2017-1 is modified by deleting the text and adding the following text in its place:

(a) Documents. True copies of all contracts, wills, deeds, agreements, instruments, trust documents, proposed disclaimers, and other documents pertinent to the transactions must be submitted with the request. *But see* section 3.02 and section 4

of Rev. Proc. 2017-52 for requirements relating to ruling requests under § 355.

If the request concerns a corporate distribution, reorganization, or similar transaction, the corporate balance sheet and profit and loss statement should also be submitted. If the request relates to a prospective transaction, the most recent balance sheet and profit and loss statement should be submitted. *But see* section 3.02 and section 4 of Rev. Proc. 2017-52 for requirements relating to ruling requests under § 355.

If any document, including any balance sheet and profit and loss statement, is in a language other than English, the taxpayer must also submit a certified English translation of the document, along with a true copy of the document. For guidelines on the acceptability of such documents, see paragraph (c) of this section 7.01(2).

Each document other than the request should be labeled and attached to the request in alphabetical sequence. Original documents such as contracts, wills, etc., should not be submitted because they become part of the Service's file and will not be returned.

.05 Section .01 of Appendix G to Rev. Proc. 2017-1 is modified as follows:

(1) In the column titled REVENUE PROCEDURE AND NOTICE, in the text corresponding to "Subchapter C—Corporate Distributions, Adjustments, Transfers, and Reorganizations" found in the column CODE OR REGULATION SECTION, deleting the text and adding the following text in its place:

Rev. Proc. 77-37, 1977-2 C.B. 568, as modified by Rev. Proc. 89-30, 1989-1 C.B. 895, and as amplified by Rev. Proc. 77-41, 1977-2 C.B. 574, Rev. Proc. 83-81, 1983-2 C.B. 598 (see *also* Rev. Proc. 2017-3, 2017-3 I.R.B. 130), Rev. Proc. 84-42, 1984-1 C.B. 521 (superseded, in part, as to no-rule areas by Rev. Proc. 2017-3, 2017-3 I.R.B.

130), Rev. Proc. 86-42, 1986-2 C.B. 722, Rev. Proc. 89-50, 1989-2 C.B. 631, and Rev. Proc. 2017-52 (relating to Transactional Rulings for Covered Transactions). *But see* section 3.01(51) of Rev. Proc. 2017-3, which states that the Service will not issue a letter ruling as to whether a transaction constitutes a reorganization within the meaning of § 368 (except as provided in section 6.03(2)(b) of this revenue procedure). However, the Service will issue a letter ruling addressing significant issues (within the meaning of section 3.01(51) of Rev. Proc. 2017-3) presented in a reorganization within the meaning of § 368. The information and representations described in these revenue procedures should be included in a letter ruling request only to the extent that they relate to the significant issues with respect to which the letter ruling is requested. See section 6.03(2).

(2) In the column titled REVENUE PROCEDURE AND NOTICE, in the text corresponding to “355 Checklist questionnaire” found in the column CODE OR REGULATION SECTION, deleting the text and adding the following text in its place:

Rev. Proc. 2017-52. See also section 6.03(2) of this revenue procedure.

.06 Section 3.01(51) of Rev. Proc. 2017-3 is modified by:

- (1) deleting the language “Distribution of Stock and Securities of a Controlled Corporation;” from the heading,
- (2) deleting the language “355,” each place it appears,
- (3) adding the language “except a transaction intended to qualify under §§ 368(a)(1)(D) and 355,” after the phrase “within the meaning of § 368,” and
- (4) replacing the reference to “6.03” with “6.03(2),” each place it appears.

.07 Section 3.01(54) of Rev. Proc. 2017-3 is modified by deleting the text and adding the following text in its place:

(54) Section 355.—Distribution of Stock and Securities of a Controlled Corporation.—Whether the distribution of the stock of a controlled corporation is being carried out for one or more corporate business purposes, whether the transaction is used principally as a device, and whether the distribution and an acquisition are part of a plan under § 355(e). Notwithstanding the preceding sentence, the Service: (1) will issue a letter ruling with respect to a significant issue under § 1.355-2(b) pertaining to the corporate business purpose requirement, provided that the issue is a legal issue and is not inherently factual in nature, (2) will issue a letter ruling with respect to a significant issue under § 355(a)(1)(B) and § 1.355-2(d) pertaining to device, provided that the issue is a legal issue and is not inherently factual in nature, and (3) may issue a ruling regarding the effect of redemptions under § 355(e) pending the issuance of temporary or final regulations regarding redemptions under § 355(e) if an adverse ruling on such question would result in there being a direct or indirect acquisition by one or more persons of stock representing a 50-percent or greater interest in the distributing corporation or the controlled corporation that is part of a plan under § 355(e).

.08 Section 4.02(2) of Rev. Proc. 2017-3 is modified by replacing the reference to “6.03” with “6.03(2).”

.09 Section 4.02(9) of Rev. Proc. 2017-3 is modified by deleting the text and adding the following text in its place:

Except with respect to a Covered Transaction within the meaning of section 2.03(1)

(a) of Rev. Proc. 2017-52, a letter ruling will not be issued with respect to an issue that is clearly and adequately addressed by statute, regulations, decision of a court, revenue rulings, revenue procedures, notices, or other authority published in the Internal Revenue Bulletin (Comfort Ruling). However, except with respect to issues under §§ 332, 351, 368, and 1036 and the tax consequences resulting from the application of such Code sections (see *generally* section 6.03(2) of Rev. Proc. 2017-1, 2017-1 I.R.B. 1), an Associate office may in its discretion issue a Comfort Ruling if the Associate office is otherwise ruling on another issue arising in the same transaction.

.10 Rev. Proc. 96-30, 1996-1 C.B. 696, is superseded.

.11 Rev. Proc. 2003-48, 2003-2 C.B. 86, is superseded.

.12 Rev. Proc. 2009-25, 2009-24 I.R.B. 1088, is superseded.

.13 Rev. Proc. 2013-32, 2013-28 I.R.B. 55, is superseded.

## SECTION 6. EFFECTIVE DATE AND ENDING DATE

### .01 Effective Date.

(1) In general. This revenue procedure will apply to all ruling requests postmarked or, if not mailed, received by the Service after September 21, 2017.

(2) Application of this Revenue Procedure to Pending Ruling Requests. If a taxpayer has a request for a Significant Issue Ruling that is postmarked or, if not mailed, received by the Service on or before September 21, 2017 (a pending ruling request), the taxpayer may convert that pending ruling request to a request for a Transactional Ruling by submitting the information and documentation required under this revenue procedure. All requests to convert pending ruling requests must be submitted on or

before November 20, 2017 and no extensions to submit a conversion request will be granted.

.02 Ending Date.

(1) In general. This pilot program will expire on March 21, 2019. At that time, the Service will evaluate the effectiveness and sustainability of the program and consider whether the program should be extended.

(2) Application of this Revenue Procedure to submitted ruling requests. This revenue procedure will continue to apply to all ruling requests postmarked or, if not mailed, received by the Service on or before on March 21, 2019 (a submitted ruling request) if the submitted ruling request is a complete and thorough submission. See section 7.01 of Rev. Proc. 2017-1.

## SECTION 7. PAPERWORK REDUCTION ACT

The collections of information in this revenue procedure have been reviewed and approved by the Office of Management and Budget (OMB) in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1522.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

The collections of information in this revenue procedure are in sections 3 and 4, and the Appendix. This information is required to determine whether a taxpayer would qualify for a Transactional Ruling or a Significant Issue Ruling under this revenue procedure. The collections of information are required to obtain a benefit. The likely



respondents are corporations that control another corporation, as well as the management of the corporation the stock of which is being distributed or that controls the corporation the stock of which is being distributed.

The estimated total annual reporting burden for Rev. Proc. 2017-1 is 320,436 hours.

The estimated annual burden per respondent for Rev. Proc. 2017-1 varies from 1 to 200 hours, depending on individual circumstances, with an estimated average of 80 hours. The estimated number of respondents is 3,956.

The estimated total annual reporting burden for this revenue procedure adds 6,000 hours to Rev. Proc. 2017-1.

The estimated annual burden per respondent for this revenue procedure varies from 150 to 250 hours, depending on individual circumstances, with an estimated average of 200 hours. The estimated number of additional respondents added to Rev. Proc. 2017-1 by this revenue procedure is 30, increasing the estimated number of respondents to Rev. Proc. 2017-1 to 3,986.

The estimated average burden for Rev. Proc. 2017-1, as increased by this revenue procedure, is 81 hours.

The estimated annual frequency of responses is on occasion.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue tax law. Generally tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

SECTION 8. REQUEST FOR COMMENTS

The Service requests comments on all aspects of this revenue procedure. In particular, the Service requests comments concerning the reasonableness of the requirements and conditions set forth in this revenue procedure and recommendations for increasing efficiencies. The Service also requests comments regarding the required representations set forth in section 3 of the Appendix of this revenue procedure, including any additions, deletions, and modifications. In addition, the Service requests comments regarding whether Transactional Rulings, as described in section 2.03(1)(c) of this revenue procedure, should be made available for other transactions.

#### SECTION 9. WHERE TO SEND AND DATE BY WHICH TO SUBMIT COMMENTS

Written comments, identified by Rev. Proc. 2017-52, may be submitted using one of the following methods:

- By Mail:

Internal Revenue Service  
Attn: CC:PA:LPD:PR (Rev. Proc. 2017-52)  
Room 5203  
P.O. Box 7604  
Ben Franklin Station  
Washington, D.C. 20044

- By Hand or Courier Delivery: Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to:

Courier's Desk  
Internal Revenue Service  
Attn: CC:PA:LPD:PR  
(Rev. Proc. 2017-52)  
1111 Constitution Avenue, N.W.  
Washington, D.C. 20224

- Electronic: Alternatively, persons may submit comments electronically to [Notice.Comments@irscounsel.treas.gov](mailto:Notice.Comments@irscounsel.treas.gov). Please include "Rev. Proc. 2017-52" in the subject line of any electronic communications.

Comments should be submitted no later than December 31, 2017.

#### SECTION 10. DRAFTING INFORMATION

The principal authors of this revenue procedure are Grid R. Glycer and Richard M. Heinecke of the Office of Associate Chief Counsel (Corporate). For further information regarding this revenue procedure, contact Grid R. Glycer at (202) 317-6847 or Richard M. Heinecke at (202) 317-5363 (not toll free calls).

## APPENDIX

### SECTION 1. INTRODUCTION

This Appendix sets forth the representations the taxpayer must make pursuant to section 3.04 of this revenue procedure.

### SECTION 2. DEFINITIONS

For purposes of this Appendix, the following definitions apply:

.01 Control is as defined in § 368(c).

.02 Distributing and Controlled mean, respectively, the distributing corporation and the controlled corporation, as described in § 355(a)(1)(A). In the case of a Split-Up (defined in section 2.11 of this Appendix), a reference to Distributing means, where applicable, a reference to the resulting Controlled corporations.

.03 Distribution means either a distribution of stock or securities of Controlled with respect to Distributing stock (i.e., a Spin-Off (defined in section 2.09 of this Appendix)), an exchange of Distributing stock or securities for Controlled stock or securities (i.e., a Split-Off (defined in section 2.10 of this Appendix) or a Split-Up (as defined in section 2.11 of this Appendix)), or a combination thereof.

.04 Expanded Affiliated Group refers to all members of an affiliated group, as defined in § 1504(a) without regard to § 1504(b).

.05 Liability means any liability or other obligation without regard to whether it has been taken into account for Federal income tax purposes.

.06 Other Property means property other than stock and securities of Controlled.

.07 Property is as defined in § 317(a).

.08 SAG, DSAG, CSAG. SAG means a separate affiliated group as defined in 355(b)(3)(B). DSAG means the SAG of which Distributing is the common parent immediately after the distribution. CSAG means the SAG of which Controlled is the common parent immediately after the distribution.

.09 Spin-Off means a pro rata Distribution to the shareholders of Distributing of the stock of Controlled.

.10 Split-Off means a Distribution of the stock of Controlled to some (but not all) of the shareholders of Distributing in redemption of some or all of their stock of Distributing.

.11 Split-Up means a liquidating Distribution in which Distributing distributes to its shareholders the stock of more than one Controlled, either pro rata or non-pro rata.

**SECTION 3. REPRESENTATIONS**

	<b>Control Requirements</b> <b>Sections 355(a)(1)(A), 355(a)(1)(D)(i) and 368(c)</b> <b>See section 3.03(2) of this revenue procedure</b>
1	Distributing will have Control of Controlled immediately before the Distribution.
2	In the Distribution, Distributing will distribute on the same day all the stock and securities of Controlled that it holds immediately before the Distribution.
3	Alternative representations (see section 3.04(2) of this revenue procedure):  (a) Distributing will not engage in a transaction, in anticipation of the Distribution, in which either (i) Distributing obtains Control of Controlled (including a recapitalization into Control but excluding a transaction that includes the formation of Controlled), or (ii) a corporation of which Distributing is not in Control becomes a member of the CSAG.  (b) If Distributing engages in a transaction described in paragraph (a), Controlled will comply with one of the safe harbors set forth in Rev. Proc. 2016-40, 2016-32

	I.R.B. 228.
4	No indebtedness owed by Controlled to Distributing after the Distribution will constitute stock or securities of Controlled or any other entity.
	<b>Shareholders Participating in a Spin-Off Sections 355(a)(1) and 356(a)(1)</b>
5	None of the Controlled stock, Controlled securities, or Other Property to be distributed in the Distribution will be received in any capacity other than that of a shareholder of Distributing.
6	No shareholder of Distributing will surrender Distributing stock in the Distribution.
	<b>Shareholders Participating in a Split-Up or Split-Off Sections 355(a)(1) and 356(a)(1)</b>
7	The fair market value of Controlled stock, Controlled securities, or Other Property to be received by each shareholder of Distributing that surrenders Distributing stock will be approximately equal to the fair market value of Distributing stock surrendered by the shareholder in the transaction.
	<b>Distributing Securities</b>
8	Alternative representations ( <i>see</i> section 3.04(2) of this revenue procedure):  (a) Distributing will have no securities outstanding.  (b) Distributing has securities outstanding, but it will not distribute Controlled stock, Controlled securities or Other Property to any holder of such securities in the Distribution, in satisfaction thereof.
	<b>Active Trade or Business Requirement Section 355(b) See section 3.03(3) of this revenue procedure</b>
9	The business relied on by each of Distributing or the DSAG and Controlled or the CSAG to meet the active trade or business requirement of § 355(b) is not the holding of Property for investment purposes.
10	With respect to the business relied on by each of Distributing or the DSAG and

	Controlled or the CSAG to meet the active trade or business requirement of § 355(b), there have been no substantial operational changes since the end of the taxpayer's most recent taxable year.
11	<p>Alternative representations (see section 3.04(2) of this revenue procedure):</p> <p>(a) Following the Distribution, Distributing or the DSAG and Controlled or the CSAG each will continue, independently and with its separate employees, the active conduct of the business on which it relies to meet the active trade or business requirement of § 355(b).</p> <p>(b) Following the Distribution, Distributing or the DSAG and Controlled or the CSAG each will continue, independently and with its separate employees, the active conduct of its share of all the integrated activities of the business on which it relies to meet the active trade or business requirement of § 355(b), as conducted by Distributing or the DSAG prior to consummation of the transaction.</p> <p>Note: Distributing or the DSAG and Controlled or the CSAG may share employees after the Distribution as long as the parties enter into agreements with respect to those employees based on arm's-length terms for a limited period of time consistent with Rev. Rul. 2003-75, 2003-75, I.R.B. 79.</p>
12	Immediately after the Distribution, the fair market value of the gross assets of the trade(s) or business(es) in which each of Distributing or the DSAG and Controlled or the CSAG will rely to satisfy the active trade or business requirement of § 355(b) will be, in each case, at least 5 percent of the total fair market value of the gross assets of that corporation or SAG. See section 4.01(30) of Rev. Proc. 2017-3.
	<p><b>Hot stock</b>  <b>Section 355(a)(3)(B)</b>  <b>See section 3.03(5) of this revenue procedure</b></p>
13	Distributing will not have acquired any Controlled stock in a transaction in which gain or loss was recognized during the five-year period immediately preceding the Distribution.
	<p><b>Device</b>  <b>Section 1.355-2(d)</b>  <b>See section 3.03(6) of this revenue procedure</b></p>
14	The transaction will not be used principally as a device for the distribution of the earnings and profits of Distributing or Controlled or both. See § 355(a)(1)(B).

15	<p>Alternative representations (<i>see</i> section 3.04(2) of this revenue procedure):</p> <p>(a) Immediately after the Distribution, the fair market value of the gross investment assets of each of Distributing and Controlled will be less than two-thirds of the fair market value of its total gross assets. <i>See</i> section 5.01(3) of Rev. Proc. 2017-3.</p> <p>(b) Immediately after the Distribution, the fair market value of the gross assets of the trade(s) or business(es) on which each of Distributing and Controlled relies to satisfy the active trade or business requirement of § 355(b) will be 10 percent or more of the fair market value of its gross investment assets. <i>See</i> section 5.01(3) of Rev. Proc. 2017-3.</p> <p>(c) Immediately after the Distribution, the ratio of the fair market value of the gross investment assets to the fair market value of the gross assets other than the gross investment assets of Distributing or Controlled will not be three times or more of such ratio for the other corporation. <i>See</i> section 5.01(3) of Rev. Proc. 2017-3.</p>
	<p><b>Business Purpose</b>  <b>Section 1.355-2(b)</b>  <i>See</i> section 3.03(7) of this revenue procedure</p>
16	<p>The Distribution is motivated, in whole or substantial part, by one or more of the corporate business purposes described in this request for ruling.</p>
	<p><b>Section 357(b)</b></p>
17	<p>Any Liabilities assumed (within the meaning of § 357(d)) by Controlled were incurred in the ordinary course of business and are associated with any assets transferred.</p>
	<p><b>Sections 357(c) and 361(b)(3)</b></p>
18	<p>The total adjusted basis and the fair market value of assets transferred by Distributing to Controlled will each equal or exceed the sum of:</p> <p>(a) The total amount of the Liabilities assumed (within the meaning of § 357(d)) by Controlled, and</p> <p>(b) The total amount of any money and the fair market value of other property, if</p>



	any, received by Distributing and transferred to its shareholders and its creditors.
	<b>Sections 361(b)(3) and (c)(3)</b> <b>See section 3.03(12) of this revenue procedure</b>
19	Any Other Property issued or transferred by Controlled to Distributing in pursuance of the plan of reorganization will be transferred by Distributing to its shareholders in pursuance of the plan of reorganization or to its creditors in connection with the reorganization.
	<b>Controlled Securities</b>
20	Any securities issued by Controlled to Distributing in pursuance of the plan of reorganization will be transferred by Distributing to its shareholders in pursuance of the plan of reorganization or to its creditors in connection with the reorganization.
21	<b>Solvency of Distributing and Controlled</b>
	Immediately after the transaction, the fair market value of the assets of each of Distributing and Controlled will exceed the amount of its Liabilities.
	<b>Investment Tax Credit Recapture</b>
22	Alternative representations ( <i>see</i> section 3.04(2) of this revenue procedure):  (a) No Property will be transferred by Distributing to Controlled as part of the Distribution for which an investment credit determined under § 46 has been (or will be) claimed.  (b) With respect to Property being transferred by Distributing to Controlled as part of the Distribution for which an investment credit determined under § 46 has been (or will be) claimed, the income tax obligation for the taxable year in which the Property is transferred will be adjusted pursuant to § 50(a)(1) or (a)(2) to reflect an early disposition of the Property.
	<b>Matching of income and deductions</b> <b>See sections 3.03(13) and 3.04(1) of this revenue procedure</b>
23	The transaction does not involve and will not result in a situation in which one party recognizes income but another party recognizes the deductions associated with such income or a situation in which one party owns Property but another

	party recognizes the income associated with such Property.
24	If one or more parties use the cash method of accounting, Distributing will neither accumulate its receivables nor make extraordinary payment of its payables in anticipation of the transaction.
25	If Distributing uses the cash method of accounting or a similar method and Controlled uses the accrual method or a similar method, then:  (a) No income item, including an account receivable, nor any item resulting from a sale, exchange or disposition of Property that would have resulted in income to Distributing, will be transferred to Controlled if Distributing has earned the right to receive the income under the accrual or similar method of accounting, and  (b) No item of expense will be transferred to Controlled if Distributing could claim a deduction for the expense under the accrual or similar method of accounting.
	<b>Investment Companies</b> <b>Section 368(a)(2)(F)</b>
26	No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).
	<b>Section 355(d)</b> <b>Section 1.355-6</b> <b>See section 3.03(15) of this revenue procedure</b>
27	Immediately after the Distribution, no person will hold stock possessing 50 percent or more of the total combined voting power of all classes of the Distributing stock entitled to vote, or 50 percent or more of the total value of shares of all classes of the Distributing stock, that was acquired by purchase during the five-year period ending on the date of the Distribution.  The term person is determined applying the aggregation rules of § 355(d)(7); the term purchase is used as defined in § 355(d)(5) and (8); and the term five-year period is determined applying § 355(d)(6).
28	Immediately after the Distribution, no person will hold stock possessing 50 percent or more of the total combined voting power of all classes of the Controlled stock entitled to vote, or 50 percent or more of the total value of shares of all classes of the Controlled stock, that was acquired by purchase during the five-year period ending on the date of the Distribution.

	<p>The term person is determined applying the aggregation rules of § 355(d)(7); the term purchase is used as defined in § 355(d)(5) and (8); and the term five-year period is determined applying § 355(d)(6).</p>
	<p style="text-align: center;"><b>Section 355(e)</b> <b>Sections 1.355-7 and 1.355-8T (or successor regulations)</b> <b>See section 3.03(16) of this revenue procedure</b></p>
29	<p>Stock representing a 50-percent or greater interest (within the meaning of § 355(d)(4)) in Distributing or Controlled (including a predecessor or successor within the meaning of § 1.355-8T (or successor regulations)) will not be acquired by any person or persons in a plan or series of related transactions (within the meaning of § 1.355-7) that includes the Distribution.</p>
	<p style="text-align: center;"><b>Section 355(g)</b> <b>See section 3.03(18) of this revenue procedure</b></p>
30	<p>Immediately after the Distribution, neither Distributing nor Controlled will be a disqualified investment corporation within the meaning of § 355(g)(2).</p>
	<p style="text-align: center;"><b>Section 355(h)</b> <b>See section 3.03(19) of this revenue procedure</b></p>
31	<p>Alternative representations (see section 3.04(2) of this revenue procedure):</p> <p>(a) Neither Distributing nor Controlled will be a real estate investment trust (within the meaning of § 856) (a "REIT") at the time of the Distribution.</p> <p>(b) Immediately after the Distribution, Distributing and Controlled will both be REITs.</p> <p>(c)(i) Distributing has been a REIT at all times during the 3-year period ending on the date of the Distribution; (ii) Controlled has been a taxable REIT subsidiary (as defined in § 856(l)) of Distributing at all times during such period; and (iii) Distributing had control (as defined in § 368(c) applied by taking into account stock owned directly or indirectly, including through one or more corporations or partnerships, by Distributing) of Controlled at all times during such period.</p> <p>Controlled will be treated as meeting the requirements of (c)(ii) and (c)(iii) if the stock of Controlled was distributed by a taxable REIT subsidiary in a transaction to which § 355 (or so much of § 356 as relates to § 355) applies, and the assets of</p>

	Controlled consist solely of the stock or assets held by one or more taxable REIT subsidiaries of Distributing meeting the requirements of (c)(ii) and (c)(iii). For purposes of (c)(iii), control of a partnership means ownership of 80 percent of the profits interest and 80 percent of the capital interests.
	<b>Related Transactions</b>
32	No intercorporate debt will exist between Distributing and Controlled at the time of, or subsequent to, the Distribution of Controlled stock.
33	Payments made in connection with all continuing transactions, if any, between Distributing and Controlled after the Distribution will be for fair market value based on arm's-length terms.
34	Distributing and Controlled each will pay its own expenses, if any, incurred in connection with the Distribution.
35	The payment of cash in lieu of fractional shares of Controlled is solely for the purpose of avoiding the expense and inconvenience of issuing fractional shares and does not represent separately bargained-for consideration. The fractional share interests of each Distributing shareholder will be aggregated and no Distributing shareholder of record will receive cash in an amount equal to or greater than the value of one full share of Controlled.
	<b>Consolidated Return Matters</b>
	<b>Intercompany Transactions Sections 1.1502-13 and 1.1502-14</b>
36	Immediately before the Distribution, items of income, gain, loss, deduction, and credit will be taken into account as required by the applicable intercompany transaction regulations (See §§ 1.1502-13 and 1.1502-14 as in effect before the publication of § 1.1502-13 in T.D. 8597, 1995-2 C.B. 147, and as currently in effect).
37	There is no loss subject to § 1.1502-13 that will be taken into account as a result of a transaction related to the Distribution.
	<b>Excess Loss Accounts Section 1.1502-19</b>
38	Any excess loss account in the stock of Controlled or in the stock of any lower-tier Controlled subsidiary will be taken into account as required by § 1.1502-19.

	<b>Intercompany Obligation Section 1.1502-13(g)</b>
39	Pursuant to § 1.1502-13(g)(3)(ii), no deemed satisfaction and reissuance will occur with respect to securities or other obligations of Controlled distributed by Distributing to its shareholders or creditors in pursuance of the plan of reorganization or in connection with the reorganization.
	<b>Affiliated Group and Section 358(g)</b>
40	With respect to any Distribution of stock from one member of an Expanded Affiliated Group to another member of the Expanded Affiliated Group, the § 358 allocation will not result in the stock of Controlled having a higher basis than it had immediately prior to the Distribution.
	<b>S Corporation Matters</b>
41	<p>Alternative representations (<i>see</i> section 3.04(2) of this revenue procedure):</p> <p>(a) Distributing is not an S corporation (within the meaning of § 1361(a)) and will not be an S corporation at the time of the Distribution, and there is no plan or intention by Distributing or Controlled to make an S corporation election pursuant to § 1362(a).</p> <p>(b) If Distributing is an S corporation within the meaning of § 1361(a), Controlled will elect to be an S corporation pursuant to § 1362(a) on the first available date after the Distribution, and there is no plan or intention to revoke or otherwise terminate the S corporation election of either Distributing or Controlled.</p>
	<b>International Issues See section 3.04(1) of this revenue procedure</b>
	<b>FIRPTA</b>
42	Neither Distributing nor Controlled will have been a U.S. real property holding corporation (as defined in § 897(c)(2)) at any time during the five-year period preceding the Distribution, and neither will be a U.S. real property holding corporation immediately after the Distribution.
	<b>CFC Status</b>

43	Neither Distributing nor Controlled will be a controlled foreign corporation (within the meaning of § 957(a)) immediately before or after the Distribution.
	<b>Inversions</b>
44	The Distribution is not part of a plan (or series of related transactions) resulting in an acquisition described in § 7874(a)(2)(B)(i).
	<b>Miscellaneous</b>
45	Distributing will not dispose of any Controlled stock in anticipation of the Distribution.
46	Controlled will not issue stock or securities to a person other than Distributing in anticipation of the Distribution.