

Guidance Under Section 1032 Relating to the Treatment of a Disposition by an Acquiring Entity of the Stock of a Corporation in a Taxable Transaction; Correction

Announcement 2000-57

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to final regulations.

SUMMARY: This document contains a correction to Treasury Decision 8883 (2000-23 I.R.B. 1151), which was published in the **Federal Register** on Tuesday, May 16, 2000 (65 FR 31073), which provides guidance under section 1032 of the Internal Revenue Code, relating to the treatment of a disposition by an acquiring entity of the stock of a corporation in a taxable transaction.

EFFECTIVE DATE: This correction is effective on May 16, 2000.

FOR FURTHER INFORMATION CONTACT: Filiz Serbes at (202) 622-7550

(not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are subject to correction are under section 1032 of the Internal Revenue Code.

Need for Correction

As published, Treasury Decision 8883 contains an error which may prove to be misleading and is in need of clarification.

Correction of Publication

Accordingly, the publication of the final regulations (TD 8883), which was the subject of FR Doc. 00-11900, is corrected as follows:

§1.1032-3 [Corrected]

On page 31076, column 3, §1.1032-3(c)(1), is corrected to read as follows:

§1.1032-3 Disposition of stock or stock options in certain transactions not qualifying under any other nonrecognition provision.

* * * * *

(c) * * *

(1) The acquiring entity acquires stock of the issuing corporation directly or indirectly from the issuing corporation in a transaction in which, but for this section, the basis of the stock of the issuing corporation in the hands of the acquiring entity would be determined, in whole or in part, with respect to the issuing corporation's basis in the issuing corporation's stock under section 362(a) or 723 (provided that, in the case of an indirect acquisition by the acquiring entity, the transfers of issuing corporation stock through intermediate entities occur immediately after one another);

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