

Stock Transfer Rules: Supplemental Rules

Announcement 2001-27

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Withdrawal of notice of proposed rulemaking.

SUMMARY: This document withdraws proposed regulations (REG-116048-99, 2000-6 I.R.B 584) relating to an election available to certain taxpayers under section 367(b). The withdrawal corresponds to the upcoming expiration of the availability of the election.

FOR FURTHER INFORMATION CONTACT: Mark Harris at (202) 622-3860 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

On January 24, 2000, the IRS and Treasury published in the **Federal Register** proposed regulations (65 FR 3629) (the proposed regulations), temporary regulations (65 FR 3586) (the temporary regulations), and final regulations (65 FR 3589) (the final regulations) under section 367(b) of the Internal Revenue Code. The proposed and temporary regulations provide a modified version of an election contained in the proposed section 367(b) regulations issued on August 26, 1991 (1991 proposed regulations), which was not adopted in the final regulations. This election allows certain taxpayers to recognize the gain (but not the loss) realized in certain section 367(b) exchanges, rather than including the all earnings and profits amount in income. The preamble to the final regulations explains the reasons for not including the taxable exchange election in the final regulations (65 FR 3589 at 3592).

The IRS and Treasury issued the proposed and temporary regulations in order to provide taxpayers with an opportunity to comment on the decision not to include the taxable exchange election in the final regulations. Section 1.367(b)-3(b)(4)(ii) of the proposed and temporary regulations provide that the taxable exchange election

is applicable for transactions that occur between February 23, 2000, and February 24, 2001. A public hearing was scheduled for April 20, 2000, and written comments were to be received by April 24, 2000. No one requested to speak at the public hearing, and no comments were submitted. In particular, the IRS and Treasury have not received any comments suggesting revisions to the effective date articulated in §1.367(b)-3(b)(4)(ii). Accordingly, this document withdraws §1.367(b)-3(b)(4) of the proposed regulations published in the **Federal Register** on January 24, 2000 (65 FR 3629).

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Withdrawal of Proposed Amendments to the Regulations

Accordingly, under the authority of 26 U.S.C. 7805, proposed amendments to 26 CFR part 1 relating to §1.367(b)-3(b)(4), published January 24, 2000 (65 FR 6329), are withdrawn.

Robert E. Wenzel,
*Deputy Commissioner
of Internal Revenue.*

(Filed by the Office of the Federal Register on January 10, 2001, 8:45 a.m., and published in the issue of the Federal Register for January 11, 2001, 66 F.R. 2373)