

Redemptions Taxable as Dividends; Correction

Announcement 2003-9

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains corrections to a notice of proposed rulemaking and notice of public hearing (REG-150313-01, 2002-44 I.R.B. 777) which was published in the **Federal Register** on Friday, October 18, 2002 (67 FR 64331). This regulation provides guidance regarding the treatment of the basis of redeemed stock when a distribution in redemption of such stock is treated as a dividend, as well as guidance regarding certain acquisitions of stock by related corporations that are treated as distributions in redemption of stock.

FOR FURTHER INFORMATION CONTACT: Lisa K. Leong at (202) 622-7530 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The proposed regulations that are the subject of these corrections are under sections 302, 304, 704, 861, 1371, 1374, and 1502 of the Internal Revenue Code.

Need for Correction

As published, this notice of proposed rulemaking contains errors that may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication of the notice of proposed rulemaking and notice of public hearing (REG-150303-01, 2002-44 I.R.B. 777), which is the subject of FR. Doc. 02-26449, is corrected as follows:

1. On page 64332, column 1, in the preamble under the paragraph heading “Paperwork Reduction Act”, paragraph 7, line 12, the language “loss. The respondents are

shareholders”, is corrected to read “loss (or gain, as appropriate). The respondents are shareholders”.

§ 1.302-5 [Corrected]

2. On page 64339, column 1, § 1.302-5, paragraph (d)(8), line 4 from the bottom of the paragraph “accelerated inclusion date shall be made” is corrected to read “accelerated loss inclusion date shall be made”.

3. On page 64340, column 3, § 1.302-5, paragraph (f)(9), of *Example 7*, lines 6 and 7, the language “equal to PS’s basis in the corporation Z stock, (\$50 after application of section 301(c)(2)), is”, is corrected to read “(equal to PS’s basis in the corporation Z stock, (\$50 after application of section 301(c)(2)) is”.

§ 1.304-3 [Corrected]

4. On page 64342, column 3, § 1.304-3, paragraph (a), lines 21 through 24, the language “For the treatment of the redeemed shareholder’s basis in the redeemed stock in such cases, see § 1.302-5.” is removed.

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