

Part I

Section 355.--Distribution of Stock and Securities of a  
Controlled Corporation

26 CFR 1.355-2: Limitations.  
(Also § 7805; 301.7805-1.)

Rev. Rul. 98-44

Rev. Rul. 70-225, 1970-1 C.B. 80, modified by Rev. Rul. 98-27, 1998-22 I.R.B. 4, addresses a distribution of the stock of a newly formed controlled corporation followed by an acquisition of the stock of the controlled corporation. Rev. Rul. 70-225 is no longer determinative following enactment of § 1012 of the Taxpayer Relief Act of 1997, Pub. L. No. 105-34, 111 Stat. 788, 914-18 (the "Act"), as amended in § 6010(c) of the Tax Technical Corrections Act of 1998, Pub. L. No. 105-206, 112 Stat. 790, 813-14, which modified certain provisions in §§ 351, 355, and 368 of the Internal Revenue Code. Subject to certain transition rules, § 1012(c) of the Act is effective for transfers after August 5, 1997.

Accordingly, Rev. Rul. 70-225 is declared obsolete as of the effective date of § 1012(c) of the Act.

DRAFTING INFORMATION

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