

[4830-01-u]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-116733-98]

RIN 1545-AW79

Guidance under section 355(e); Recognition of Gain on Certain Distributions of Stock or Securities in Connection With an Acquisition.

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Withdrawal of notice of proposed rulemaking.

SUMMARY: This document withdraws the notice of proposed rulemaking relating to recognition of gain on certain distributions of stock or securities of a controlled corporation in connection with an acquisition that was published in the **Federal Register** on August 24, 1999. The withdrawal is in response to written comments received and oral comments presented at a public hearing.

EFFECTIVE DATE: These regulations are effective January 2, 2001.

FOR FURTHER INFORMATION CONTACT: Brendan O'Hara, (202) 622-7530 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

### **Background**

On August 24, 1999, the IRS issued proposed regulations (REG-116733-98) in the **Federal Register** (64 FR 46155) under section 355(e), relating to the recognition of gain on certain distributions of stock or securities in connection with an acquisition of

stock of the distributing corporation or of stock of the corporation whose stock is distributed. In response to written comments received and comments presented at a public hearing, these proposed regulations are being withdrawn. New proposed regulations (REG- 107566-00) covering the same matters as the withdrawn proposed regulations are being issued elsewhere in this issue of the **Federal Register**.

**List of Subjects in 26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements.

**Withdrawal of Notice of Proposed Rulemaking**

Accordingly, under the authority of 26 U.S.C. 7805 and 26 U.S.C. 355(e)(5), the notice of proposed rulemaking (REG-116733-98) that was published in the **Federal Register** on August 24, 1999 (64 FR 46155) is withdrawn.

Robert E. Wenzel

Deputy Commissioner of Internal Revenue