

Stock Options Contributed to a Plan Announcement 97-45

On December 24, 1996, the Internal Revenue Service issued P.L.R. 9712033 which concerned the federal income tax (including unrelated business income tax) and federal excise tax consequences of the contribution of certain stock options to a qualified plan and the subse-

quent exercise of those stock options to be used in the purchase of the common stock of the employer maintaining the plan.

The Service is reexamining the plan qualification and other tax issues under the Internal Revenue Code of 1986, as amended, raised by a contribution of stock options to a plan and subsequent exercise of those options.
