

# Guidance Under Section 355(e); Recognition of Gain on Certain Distributions of Stock or Securities in Connection With an Acquisition; Correction

## Announcement 2005-41

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to final regulations and removal of temporary regulations.

**SUMMARY:** This document corrects final regulations and removal of temporary regulations (T.D. 9198, 2005-18 I.R.B. 972), that were published in the **Federal Register** on Tuesday, April 19, 2005 (70 FR 20279) that relate to the recognition of gain on certain distributions of stock or securities of a controlled corporation in connection with an acquisition.

**DATES:** This correction is effective April 19, 2005.

**FOR FURTHER INFORMATION CONTACT:** Amber R. Cook, (202) 622-7530 (not a toll-free number).

### SUPPLEMENTARY INFORMATION:

#### Background

The final regulations and removal of temporary regulations (T.D. 9198), which is the subject of this correction are under section 355(e) of the Internal Revenue Code.

#### Need for Correction

As published, the final regulations and removal of temporary regulations (T.D. 9198) contain errors that may prove to be misleading and are in need of clarification.

### Correction of Publication

Accordingly, the publication of the final regulations and removal of temporary regulations (T.D. 9198), which was the subject of FR. Doc. 05-7811, is corrected as follows:

1. On page 20280, column 2, in the preamble, under the paragraph heading “New Safe Harbor for Acquisitions Before a *Pro Rata* Distribution”, line 9, the language “discussions regarding the acquisition” is corrected to read “discussions with the acquirer regarding a distribution”.

2. On page 20280, column 2, in the preamble, under the paragraph heading “New Safe Harbor for Acquisitions Before a *Pro Rata* Distribution”, lines 15 and 16, the language “prior to discussions regarding the acquisition and that the acquisition was” is corrected to read “prior to discussions regarding a distribution and that the acquisition was”.

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