

Proposed Rules

Federal Register

Vol. 66, No. 221

Thursday, November 15, 2001

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-106186-00]

RIN 1545-AW36

Withdrawal of Proposed Regulations Relating to Certain Corporate Reorganizations Involving Disregarded Entities

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Withdrawal of notice of proposed rulemaking.

SUMMARY: This document withdraws a notice of proposed rulemaking relating to certain corporate reorganizations involving disregarded entities. The proposed regulations were published on May 16, 2000, and a public hearing on the regulations was held on August 8, 2000. In addition, written comments were received. After consideration of the comments received, the IRS and Treasury have decided to withdraw the proposed regulations and issue new proposed regulations.

DATES: These proposed regulations are withdrawn November 15, 2001.

FOR FURTHER INFORMATION CONTACT: Reginald Mombrun (202) 622-7750 (not a toll-free call).

SUPPLEMENTARY INFORMATION:

Background

On May 16, 2000, the IRS issued proposed regulations relating to certain corporate reorganizations involving disregarded entities (65 FR 31115). After consideration of comments received on the proposed regulations, the IRS and Treasury have decided to issue new proposed regulations on this matter. Accordingly, the proposed regulations published on May 16, 2000, are withdrawn.

Drafting Information

The principal author of this withdrawal notice is Reginald Mombrun

of the Office of the Associate Chief Counsel (Corporate).

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirement.

Withdrawal of Notices of Proposed Rulemaking

Accordingly, under the authority of 26 U.S.C. 7805, the notice of proposed rulemaking published in the **Federal Register** on May 16, 2000 (65 FR 31115) is hereby withdrawn.

Robert E. Wenzel,

Deputy Commissioner of Internal Revenue.

[FR Doc. 01-28671 Filed 11-14-01; 8:45 am]

BILLING CODE 4830-01-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-126485-01]

RIN 1545-BA06

Statutory Mergers and Consolidations

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains proposed regulations that define the term statutory merger or consolidation as that term is used in section 368(a)(1)(A). The proposed regulations permit certain transactions involving entities that are disregarded as entities separate from their corporate owners for Federal tax purposes to qualify as a statutory merger or consolidation. These proposed regulations affect corporations engaging in statutory mergers and consolidations, and their shareholders. This document also provides a notice of public hearing on these proposed regulations.

DATES: Written or electronic comments and requests to speak (with outlines of oral comments to be discussed) at the public hearing scheduled for March 13, 2002, must be received by February 20, 2002.

ADDRESSES: Send submissions to CC:ITA:RU (REG-126485-01), room 5226, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station,

Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 am and 5 pm to: CC:ITA:RU (REG-126485-01), Courier's desk, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC 20044. Alternatively, taxpayers may submit comments electronically via the Internet by selecting the Tax Reg option on the IRS Home Page, or by submitting comments directly to the IRS Internet site at http://www.irs.gov/tax_regs.reglist.html.

FOR FURTHER INFORMATION CONTACT:

Concerning the proposed regulations, Reginald Mombrun (202) 622-7750 or Marlene P. Oppenheim, (202) 622-7770; concerning submissions of comments, the hearing, and/or to be placed on the building access list to attend the hearing, Lanita Van Dyke, (202) 622-7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

A. Section 368(a) Generally

The Internal Revenue Code of 1986 (the Code) provides general nonrecognition treatment for reorganizations specifically described in section 368(a). Section 368(a)(1)(A) provides that the term reorganization includes "a statutory merger or consolidation." Section 1.368-2(b)(1) currently provides that a statutory merger or consolidation must be "effected pursuant to the corporation laws of the United States or a State or Territory or the District of Columbia." A transaction will only qualify as a reorganization under section 368(a)(1)(A), however, if it satisfies certain nonstatutory requirements, including the business purpose requirement of § 1.368-1(b), the continuity of business enterprise requirement of § 1.368-1(d), and the continuity of interest requirement of § 1.368-1(e).

B. Disregarded Entities Generally

A business entity (as defined in § 301.7701-2(a)) that has only one owner may be disregarded as an entity separate from its owner for Federal tax purposes. Examples of disregarded entities include a domestic single member limited liability company that does not elect to be classified as a corporation for Federal tax purposes, a corporation (as defined in § 301.7701-2(b)) that is a qualified REIT subsidiary