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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-112261-24]

RIN 1545-BR32

Guidance Regarding Certain Matters Relating to Nonrecognition of Gain or Loss in Corporate Separations, Incorporations, and Reorganizations; Technical Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking; technical correction.

SUMMARY: This document contains technical corrections to a notice of proposed rulemaking (REG-112261-24) that was published in the ***Federal Register*** on Thursday, January 16, 2025. REG-112261-24 contains proposed regulations regarding certain matters relating to corporate separations, incorporations, and reorganizations qualifying, in whole or in part, for nonrecognition of gain or loss.

DATES: [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Justin R. Du Mouchel at (202) 317-6975 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The notice of proposed rulemaking (REG-112261-24) that was published

in the ***Federal Register*** on Thursday, January 16, 2025 (90 FR 5220) that is the subject of these corrections is under sections 355, 357, 361, and 368 of the Internal Revenue Code (Code).

Correction of Publication

Accordingly, FR Document 2025-00321 (REG-112261-24), appearing on page 5220 in the ***Federal Register*** on Thursday, January 16, 2025, is corrected as follows:

1. On page 5235, in the first column, in the first full paragraph, in the twelfth line from the top of the paragraph, the language “two taxable years” is corrected to read “two consecutive taxable years”.
2. On page 5235, in the first column, in the second full paragraph, in the fifteenth and sixteenth lines from the top of the paragraph, the language “two taxable years” is corrected to read “two consecutive taxable years”.
3. On page 5246, in the first column, in the first full paragraph, in the seventh and eighth lines from the top of the paragraph, the language “proposed proposed §1.361-5(c)(3)(iii)” is corrected to read “proposed §1.361-5(c)(3)(iii)”.
4. On page 5246, in the first column, in the first full paragraph, in the twenty-fifth line from the top of the paragraph, the language “corporatrion” is corrected to read “corporation”.
5. On page 5247, in the second column, in the first full paragraph, the fifth line from the top of the paragraph, the language “ending on the control distribution date” is corrected to read “before its satisfaction with section

361 consideration”.

6. On page 5248, in the first column, in the first full paragraph, in the fifth and sixth lines from the top of the paragraph, the language “ending on the control distribution date” is corrected to read “before its satisfaction with section 361 consideration”.
7. On page 5248, in the first column, in the first full paragraph, in the tenth line from the top of the paragraph, the language “ending on control distribution” is corrected to read “before its satisfaction with section 361 consideration”.
8. On page 5248, in the first column, in the fourth full paragraph, in the sixteenth and seventeenth lines from the top of the paragraph, the language “ending on the control distribution date” is corrected to read “before its satisfaction with section 361 consideration”.
9. On page 5254, in the second column, in the first full paragraph, in the seventh line from the top of the paragraph, the language “hade” is corrected to read “had”.
10. On page 5255, in the first column, in the fourth line from the bottom of the page, the language “tothe” is corrected to read “to the”.
11. On page 5256, in the second column, in the first full paragraph, in the fifth line from the top of the paragraph, following the words “***Federal Register***”, the language “and to which such regulations are applicable” is added.

§1.355-2 [Corrected]

12. On page 5259, in the first column, in paragraph (e)(2)(ii), in the fourth line

from the top of the paragraph, the language “two taxable years” is corrected to read “two consecutive taxable years”.

§1.355-4 [Corrected]

13. On page 5259, in the third column, in paragraph (c), in the eighth and ninth lines from the top of the paragraph, the language “paragraph (c) and paragraph (d) of this” is removed.
14. On page 5261, in the third column, in paragraph (f)(2)(ii), in the first line, the language “original plan of reorganization” is corrected to read “original plan of distribution”.

§1.361-1 [Corrected]

15. On page 5273, in the first column, in paragraph (b)(17)(iii), in the third and fourth lines from the top of the paragraph, the language “controlled corporation stock or securities” is corrected to read “section 361 consideration”.

§1.361-5 [Corrected]

16. On page 5281, in the third column, in paragraph (e)(3)(vi), in the fourth and fifth lines from the top of the paragraph, the language “ending on the control distribution date” is corrected to read “before its satisfaction with section 361 consideration”.
17. On page 5282, in the second column, in paragraph (e)(4)(ii)(B)(3)(i), in the fifth and sixth lines from the top of the paragraph, the language “ending on the control distribution date” is corrected to read “before its satisfaction with section 361 consideration”.

18. On page 5282, in the second column, in paragraph (e)(4)(ii)(B)(3)(ii), in the fourth and fifth lines from the top of the paragraph, the language “ending on the control distribution date” is corrected to read “before its satisfaction with section 361 consideration”.
19. On page 5282, in the third column, in paragraph (e)(4)(iii)(B), the fourth line from the top of the paragraph, the language “ending on the control distribution date” is corrected to read “before its satisfaction with section 361 consideration”.
20. On page 5283, in the second column, in paragraph (g)(1)(i), in the seventeenth line from the bottom of the paragraph, the language “Subsidiary” is corrected to read “Subsidiary”.
21. On page 5285, in the first column, in paragraph (g)(6)(ii), in the eleventh line from the bottom of the paragraph, the language “creditorexchange” is corrected to read “creditor exchange”.
22. On page 5285, in the second column, in paragraph (g)(7)(ii), in the eleventh line from the bottom of the paragraph, the language “creditorexchange” is corrected to read “creditor exchange”.
23. On page 5285, in the third column, in paragraph (g)(8)(i)(B), in the fourth line from the bottom of the paragraph, the language “ending on the distribution date” is corrected to read “before its satisfaction with section 361 consideration”.

§1.368-4 [Corrected]

24. On page 5289, in the first column, in paragraph (d), in the seventh and

eighth lines from the top of the paragraph, the language “paragraph (d) and paragraph (e) of this” is removed.

25. On page 5292, in the second column, in paragraph (g)(7)(ii)(B), in the fifth line from the bottom of the page, the language “assumptionis” is corrected to read “assumption is”.

26. On page 5293, in the third column, in paragraph (g)(13)(i), in the seventh line from the bottom of the page, the language “will transfer” is corrected to read “will commit to attempting to transfer”.

27. On page 5294, in the first column, in paragraph (g)(13)(i):

- i. In the fourth line from the top of the page, the language “Distributing will distribute” is corrected to read “Distributing then will commit to attempting to distribute”.
- ii. The twelfth and thirteenth lines from the top of the page are corrected to read “or follow-on spin-off, Distributing then will commit to selling the retained stock on the open”.

28. On page 5294, in the third column, in paragraph (g)(14)(i):

- i. The second and third sentences are corrected to read “With regard to the retained stock, the separation and distribution agreement and other official records of Distributing provide that Distributing might either transfer the retained stock to a creditor of Distributing in a stock-for-debt exchange that satisfies the requirements set forth in §§1.361-5(a) and 1.368-3(a)(5) (stock-for-debt exchange), or distribute that retained stock to Distributing’s shareholders (follow-

on spin-off).”.

- ii. The fifth and fourth lines from the bottom of the page are corrected to read “or follow-on spin-off, Distributing then will commit to selling the retained stock on the open”.
- iii. In the line at the bottom of the page, the language “these” is corrected to read “the”.

29. On page 5295, in the first column, in paragraph (g)(14)(i), the second and third lines from the top of the page are corrected to read “out the stock-for-debt exchange or follow-on spin-off, without committing to either, as well as its written”.

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