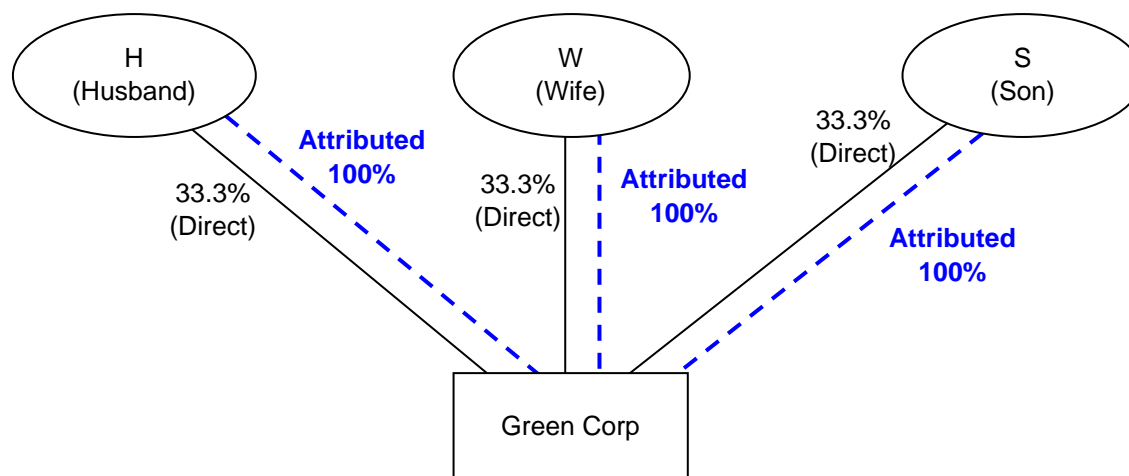


## Reg. 1.318-2(a), Example 2

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### Section 318 50% Threshold Includes Attributed Ownership



H, an individual, his wife, W, and his son, S, each own one-third of the stock of Green Corp. For purposes of determining the amount of stock owned by H, W, or S for the purpose of section 318(a)(2)(C) and (a)(3)(C), the amount of stock held by the other members of the family shall be added pursuant to paragraph (b)(3) of Treas. Reg. § 1.318-1 in applying the 50% requirement of such section. H, W, or S, as the case may be, is for this purpose deemed to own 100% of the stock of the Green Corp. Thus, H, W and S are each treated as owning 100% of stock owned by Green Corp. under § 318(a)(2)(C). In addition, Green Corp is treated as owning 100% of stock owned by H, W, and S under § 318(a)(3)(C).