

**Temp. Reg. 1.367(a)-8T(e)(3)(iv),  
Example 1, Alternate Facts**

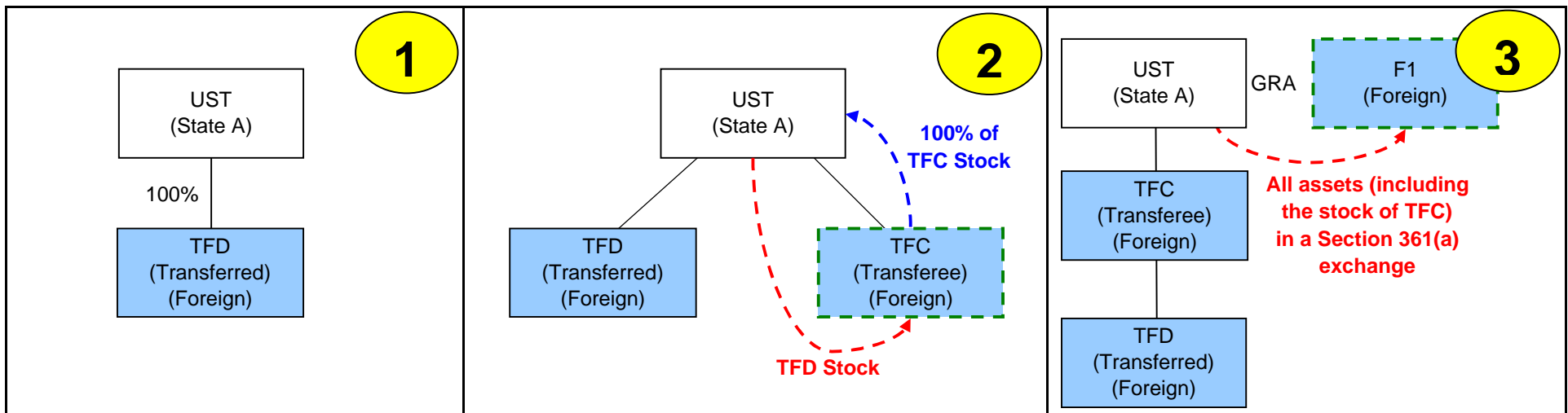
**Outbound 351 & Outbound  
F Reorganization**

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**Initial Structure**

**Outbound 351  
Exchange (Year 1)**

**F Reorganization (Year 3)**



UST, a domestic corporation incorporated under the laws of State A, owns 100% of the stock of TFD, a foreign corporation. In year 1, UST transfers all of the TFD stock to TFC, a foreign corporation, in an exchange to which section 351 applies. In the exchange, UST receives 100% of the stock of TFC. The transaction is subject to both sections 367(a) and (b). All of the requirements of Treas. Reg. §1.367(a)-3(b)(1) are satisfied, and UST enters into a gain recognition agreement ("GRA"). UST also complies with the notice requirement under Treas. Reg. §1.367(b)-1(c). In year 3, UST transfers its assets in a section 361(a) exchange to F1, a newly formed foreign corporation, in exchange for stock of F1, and UST distributes such stock to its shareholders in a transaction described in section 368(a)(1)(F).

The transfer of the TFC stock by UST to F1 pursuant to the section 368(a)(1)(F) reorganization is a triggering event without exception. See also section 367(a)(5) and Treas. Reg. §§1.367(a)-1T(f) and 1.367(a)-3T(e) (providing that certain corporate shareholders of a U.S. transferor may enter into a GRA when the U.S. transferor goes out of existence in a section 361 initial transfer).

**Ending Point**

