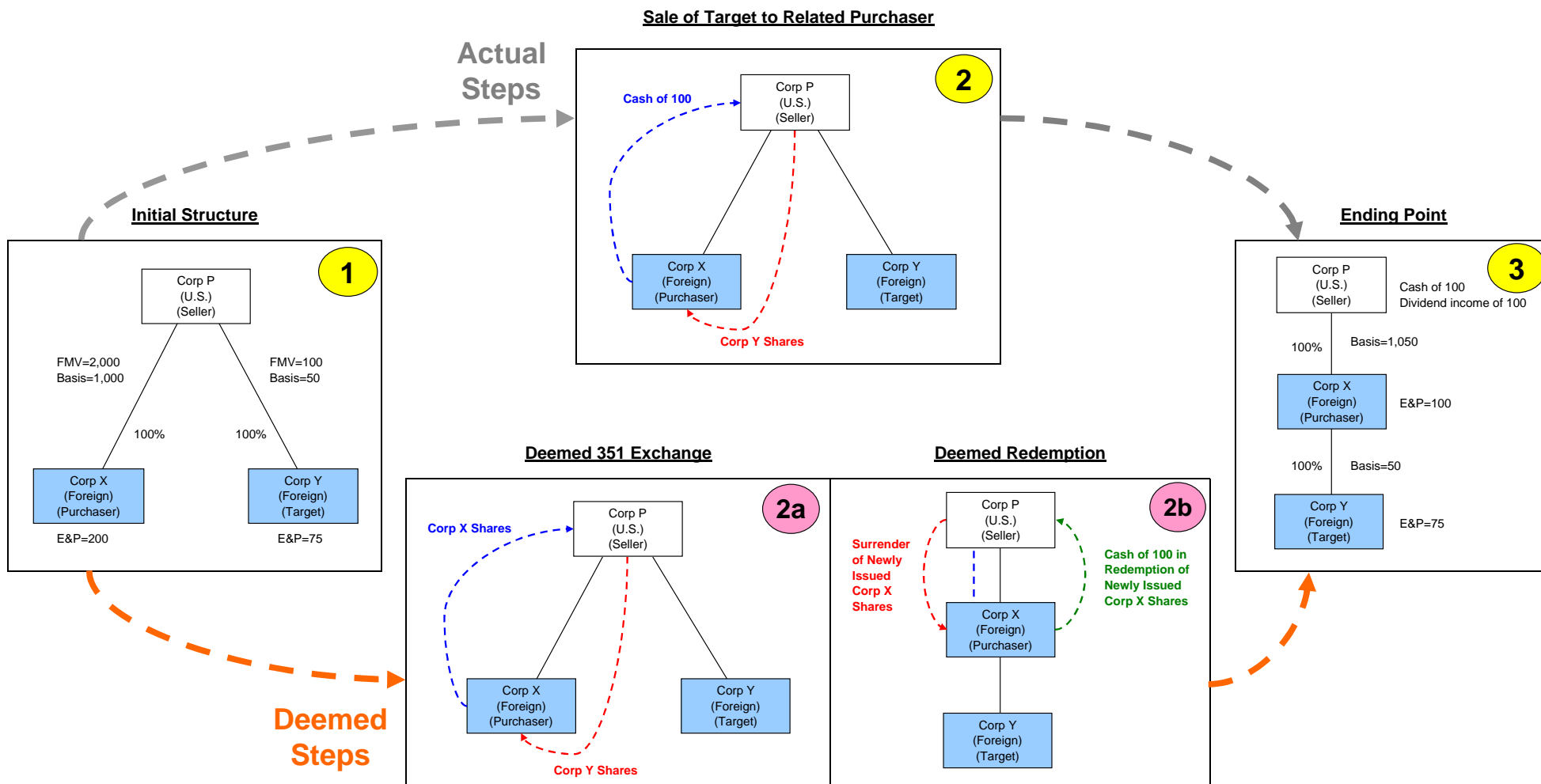


**Outbound Section 304 Transaction:
Deemed Section 351 Exchange**

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Treasury Decision 9250 was published on February 21, 2006. T.D. 9250 contains regulations providing that section 367(a) and 367(b) do not apply to a deemed section 351 exchange resulting from a 304(a)(1) transaction. The T.D. stated that "[t]he IRS and the Treasury believe that the interests of the government are protected, and the policies underlying section 367(a) and (b) are preserved, in a section 304(a)(1) transaction without regard to the application of section 367. The IRS and Treasury believe that, in most or all cases, the income recognized in a section 304 transaction will equal or exceed the transferor's inherent gain in the stock of the issuing corporation transferred to the foreign acquiring corporation."