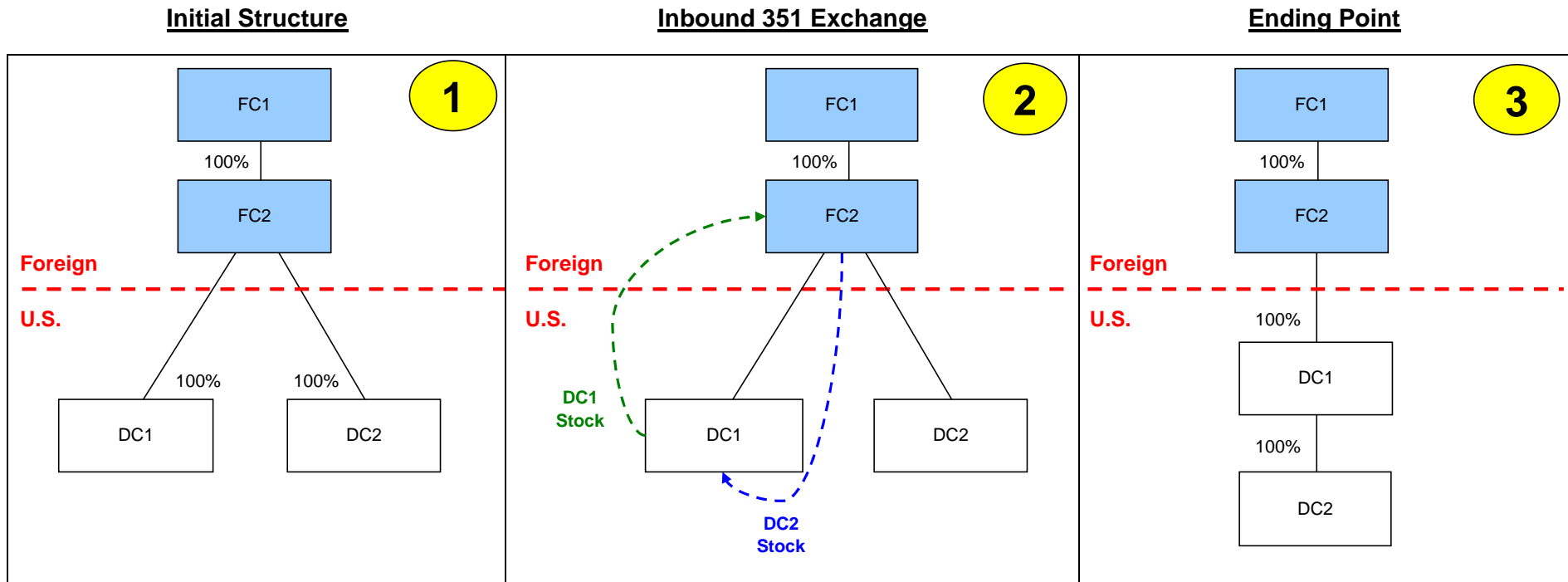


## Inbound 351 Exchange

Copyright © 2006 Andrew Mitchel LLC  
International Tax Services  
www.andrewmitchel.com



There were no U.S. transferors in any exchanges described in section 367(a). Although DC1 entered into a section 1032 exchange, such exchange is not described in section 367(a). Thus, section 367(a) does not apply.

Although FC2 is a foreign corporation that entered into a section 351 exchange, the status of FC2 as a corporation was not relevant for purposes of determining tax attributes. If FC2 were a foreign individual, partnership, or trust, the transaction would have still qualified as a section 351 exchange. Thus, section 367(b) does not apply.

Note that DC1 will take a stepped down in basis in the DC2 stock if the basis in the hands of FC2 exceeds its fair market value. See section 362(e).