

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.201: Rulings and determination letters.
(Also Part I, §§ 355, 1.355-1.)

Rev. Proc. 2024-24

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SECTION 1. PURPOSE

.01 *In General.* This revenue procedure provides procedures for requesting private letter rulings from the Internal Revenue Service (IRS) regarding certain matters pertaining to Section 355 Transactions.

.02 *Representations, Information, and Analysis.* The procedures set forth in this revenue procedure include--

(1) Representations, information, and analysis that taxpayers must submit to request rulings regarding a Section 355 Transaction; and

(2) Additional representations, information, and analysis that taxpayers must submit to request rulings regarding a Divisive Reorganization, including with regard to the following matters:

(a) Controlled's Assumption of Distributing Liabilities (including Distributing Contingent Liabilities).

(b) Distributing's distribution of Section 361 Consideration to shareholders of Distributing.

(c) Distributing's transfer of Section 361 Consideration to a creditor of Distributing to satisfy Distributing Debt.

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(f) Payments by Controlled to Distributing made subsequent to the Control Distribution Date (that is, Post-Distribution Payments).

(g) A Delayed Distribution of Controlled stock or securities.

(h) A Retention (that is, of Controlled stock or securities).

.03 Defined Terms. Capitalized terms used in this revenue procedure are defined in the Appendix to this revenue procedure.

.04 References. Unless otherwise specified, all "section" or "§" references are to sections of the Code or the Treasury Regulations. As the context requires, references to revenue rulings or to other revenue procedures include references to successor revenue rulings or revenue procedures, as applicable.

SECTION 2. BACKGROUND

.01 Section 355 Transactions.

(1) *In general.* A transaction intended to qualify under § 355 and related provisions of the Code may occur either as a separate Section 355(c) Distribution or as part of a

Divisive Reorganization. Distributing may distribute all of its Controlled stock and securities (if any) or may retain some Controlled stock or securities after the Control Distribution Date. Section 355 Transactions may occur without recognition of gain or loss to Distributing, and without gain, loss, or income to Distributing's shareholders, if the requirements of § 355 and other relevant provisions of the Code and Treasury Regulations are satisfied.

(2) *Section 355(c) Distributions.* A Section 355(c) Distribution is not in pursuance of a plan of reorganization. Therefore, unlike a Divisive Reorganization, a Section 355(c) Distribution does not permit Distributing to satisfy Distributing Debt by distributing Section 361 Consideration to its creditors without recognition of gain or loss.

(3) *Divisive Reorganizations.* In a Divisive Reorganization, Distributing transfers assets to Controlled in exchange for Section 361 Consideration. Controlled also may Assume Distributing Liabilities, generally without Distributing recognizing gain or loss (subject to possible application of § 357(b) (the principal purpose for the Liability Assumption is to avoid Federal income tax or there is no bona fide business purpose) and § 357(c) (Assumption of an amount of Liabilities greater than the total adjusted basis of assets transferred)). To complete the Divisive Reorganization, Distributing distributes Controlled stock (or Controlled stock and securities) to its shareholders. Distributing also may distribute other Section 361 Consideration to its shareholders, or to Distributing's creditors in satisfaction of Distributing Debt held by those creditors, without recognition of gain or loss (subject to requirements and limitations in § 361(b) (possible gain but no loss recognition on asset transfer) and § 361(c) (possible gain but no loss recognition on distribution of Section 361 Consideration other than Controlled

stock or other Qualified Property)).

(a) *Section 361(b)(1)(A)*. Under § 361(b)(1)(A), if Distributing receives money or Other Property from Controlled in exchange for Distributing assets in a Divisive Reorganization, Distributing does not recognize gain on the exchange if Distributing distributes the money or Other Property in pursuance of the plan of reorganization. For example, § 361(b)(1)(A) provides that, if Distributing receives money or Other Property from Controlled (for example, a Controlled note), Distributing would need to transfer that Controlled note to its shareholders or creditors, rather than cash or property other than the Controlled note, to qualify for nonrecognition treatment under § 361(b)(1)(A). Consistent with the legislative history of § 361(b), Distributing does not qualify for nonrecognition treatment on the receipt of money or Other Property under the statutory language of § 361(b)(1)(A) unless Distributing “acts merely as a conduit in passing the proceeds” (that is, the money or Other Property) to its shareholders. S. Rep. No. 398, 68th Cong., 1st Sess. 16 (Apr. 10, 1924). The statutory requirements mandated by § 361(b) help ensure that Distributing is not permitted to convert money or Other Property for any period of time into a discretionary fund that is invested in Distributing’s business, thereby achieving the economic result of a sale of Controlled (in whole or in part) without recognition of gain or loss.

(b) *Enactment of § 361(b)(3) and (c)(3)*. Congress enacted § 361(b)(3) and (c)(3) to overrule the U.S. Supreme Court’s holding in *Minnesota Tea Co. v. Helvering*, 302 U.S. 609 (1938), and therefore permit Distributing to qualify for nonrecognition treatment on the transfer of assets to Controlled even if Distributing transfers the money, Other Property, or Controlled securities received in the transaction from

Controlled to Distributing's creditors in connection with the Divisive Reorganization. See S. Rep. No. 445 (Aug. 3, 1988), at 393 ("The bill amends prior law by providing that transfers of property to creditors in satisfaction of *the corporation's indebtedness* in connection with the reorganization are treated as distributions pursuant to the plan of reorganization for this purpose. . . . This overrules the holding in *Minnesota Tea*. . . . The bill also provides that the transfer of qualified property *by a corporation to its creditors in satisfaction of indebtedness* is treated as a distribution pursuant to the plan of reorganization." (emphasis added)). Based on this legislative history, this revenue procedure reflects the views of the Department of the Treasury (Treasury Department) and the IRS, that the phrases "pursuant to the plan of reorganization" and "in connection with the reorganization" are coextensive in scope.

(i) *Obligations pursuant to contingent payment debt instruments are indebtedness for Federal income tax purposes.* Distributing's obligations pursuant to "contingent payment debt instruments" (subject to § 1.1275-4) are Distributing Debts and not Distributing Contingent Liabilities, because they constitute Debt under general principles of Federal income tax law.

(ii) *Contingent Liabilities are not indebtedness for Federal income tax purposes.* Distributing's Liabilities of the type described in Rev. Rul. 95-74, 1995-2 C.B. 36 (*held*, transferor's environmental liabilities assumed in a § 351 transfer of business assets were not "liabilities" for § 357(c) purposes and, therefore, were deductible by transferee as incurred) and in *Pacific Transport Co. v. Commissioner*, 483 F.2d 209 (9th Cir. 1973) (claim for cargo lost at sea pending against seller of shipping business; buyer's payment to settle claim *held* capitalized; the fact that "liability was contingent

and unliquidated...is of no significance”) are Distributing Contingent Liabilities and not Distributing Debt, because they are not Debt under general principles of Federal income tax law.

(4) *Retention of Controlled stock or securities.*

(a) *Qualification for nonrecognition treatment.* If Distributing distributes an amount of stock in Controlled constituting control within the meaning of § 368(c), but retains Controlled stock or securities, under § 355(a)(1)(D)(ii), the distribution does not qualify for nonrecognition treatment under § 355 unless Distributing establishes to the satisfaction of the Secretary of the Treasury (through the IRS by delegation) that the retention by Distributing was not in pursuance of a plan having as *one of its principal purposes* the avoidance of Federal income tax, which effectively creates a rebuttable presumption that any retention evidences a plan to achieve a Federal income tax avoidance purpose. Accordingly, if a principal purpose of a retention was to avoid Federal income tax, the retention could violate the requirements of § 355(a)(1)(D)(ii) even if the taxpayer established that a business purpose existed for the retention.

(b) *Business purpose ordinarily requires distribution of all Controlled stock and securities.* Section 1.355-2(e)(2) provides that “[o]rdinarily, the corporate business purpose or purposes for the distribution will require the distribution of all of the stock and securities of the controlled corporation.”

(c) *Factors for determining whether Retention is not a tax-avoidance purpose.*

(i) *Primary indicia.* Long-standing revenue rulings indicate that the IRS will not view a Retention to be in pursuance of a plan having as one of its principal purposes the avoidance of Federal income tax if the following requirements are satisfied: (1) a

genuine separation of the corporate entities will be effected; (2) the Retention will not enable Distributing to maintain practical control of Controlled; and (3) a sufficient business purpose for the Retention is established. See *generally* Rev. Rul. 75-321, 1975-2 C.B. 123 (retention of *five percent* of Controlled's stock to ensure Distributing has sufficient collateral to obtain short-term financing for its business was not in pursuance to a plan having as one of its principal purposes the avoidance of Federal income tax; no overlapping directors, officers, or key employees, and no continuing arrangements between Distributing and Controlled) (emphasis added); Rev. Rul. 75-469, 1975-2 C.B. 126 (retention of Controlled security to be held by bank as collateral for a loan to Distributing on behalf of Controlled was not in pursuance to a plan having as one of its principal purposes the avoidance of Federal income tax; no retained Controlled stock, no overlapping directors, officers, or key employees, and no continuing arrangements between Distributing and Controlled).

(ii) *Continuing relationships.* Based on the factors described in section 2.01(4)(c)(i) of this revenue procedure, the degree of continuing relationships between Distributing and Controlled will significantly inform a determination of whether a Retention would be in pursuance of a plan having as one of its principal purposes the avoidance of Federal income tax. See *generally* Rev. Rul. 75-321; Rev. Rul. 75-469.

(d) *Plan of reorganization.* Treasury Regulations provide guidance regarding the meaning and scope of the term "plan of reorganization." First, § 1.368-2(g) provides the following:

The term plan of reorganization has reference to a consummated transaction specifically defined as a reorganization under section 368(a). The term is not to be construed as broadening the definition of reorganization as set forth in section 368(a), but is to be taken as limiting

the nonrecognition of gain or loss to such exchanges or distributions as are directly a part of the transaction specifically described as a reorganization in section 368(a). Moreover, the transaction, or series of transactions, embraced in a plan of reorganization must not only come within the specific language of section 368(a), but the readjustments involved in the exchanges or distributions effected in the consummation thereof must be undertaken for reasons germane to the continuance of the business of a corporation a party to the reorganization. Section 368(a) contemplates genuine corporate reorganizations which are designed to effect a readjustment of continuing interests under modified corporate forms.

Second, § 1.368-1(c) provides the following additional guidance:

A plan of reorganization must contemplate the bona fide execution of one of the transactions specifically described as a reorganization in section 368(a) and for the bona fide consummation of *each of the requisite acts* under which nonrecognition of gain is claimed. Such transaction and such acts must be an ordinary and necessary incident of the conduct of the enterprise and must provide for a continuation of the enterprise. A scheme, which involves an abrupt departure from normal reorganization procedure in connection with a transaction on which the imposition of tax is imminent, such as a mere device that puts on the form of a corporate reorganization as a disguise for concealing its real character, and the object and accomplishment of which is the consummation of a preconceived plan having no business or corporate purpose, is not a plan of reorganization. (Emphasis added.)

The Treasury Department and the IRS are of the view that, for purposes of this revenue procedure and the private letter ruling program, this guidance determines compliance with the plan of reorganization requirement. For purposes of this revenue procedure and the private letter ruling program, the Treasury Department and the IRS are of the view that the case law addressing the satisfaction of the plan of reorganization requirement, taken together, fails to provide sufficient consistency or clarity necessary for the administration and enforcement of the requirements that govern Divisive Reorganizations and related transactions.

.02 Prior Revenue Procedures.

(1) Distributing Debt issued in close temporal proximity to the Divisive

Reorganization.

(a) *No-rule position of Rev. Proc. 2013-3.* In 2013, the Treasury Department and the IRS stated that private letter rulings no longer would be issued on whether § 355 or § 361 applies to Distributing's distribution of Controlled stock or securities in exchange for, and in retirement of, putative Distributing Debt, if such Debt was issued in anticipation of the distribution. See section 5.01(10) of Rev. Proc. 2013-3, 2013-1 I.R.B. 113. In particular, the Treasury Department and the IRS published the no-rule position due to the significant potential that Distributing Debt issued in close temporal proximity to the Divisive Reorganization could fail to qualify for nonrecognition treatment under § 361 (for example, because of a failure of the substance of the transaction to comply with the statutory requirements of § 361).

(b) *Modification of no-rule position.* Rev. Proc. 2017-38, 2017-22 I.R.B. 1258, modified Rev. Proc. 2017-3, 2017-1 I.R.B. 130, the successor to Rev. Proc. 2013-3, to remove this no-rule position because it was determined that issuing rulings in this area would be in the interest of sound tax administration, while noting that the IRS continued to study matters concerning issues in this area. See section 3 of Rev. Proc. 2017-38. The Treasury Department and the IRS continue to be of the view that entertaining ruling requests on such transactions will facilitate the IRS's ability to administer all relevant provisions of the Code with regard to Section 355 Transactions. Consistent with section 3 of Rev. Proc. 2017-38, the Treasury Department and the IRS are continuing to study the application of the Code, as well as general principles of Federal income tax law (including substance over form, agency, or other relevant theories), to the issuance of Debt in close temporal proximity with a Divisive Reorganization. The Treasury

Department and the IRS are of the view that Distributing Debt issued in close temporal proximity of the Divisive Reorganization raises the concerns that resulted in the publication of the 2013 no-rule position. See section 3.05(5)(d)(iii) of this revenue procedure.

(2) *Significant issue rulings.*

(a) *Rev. Proc. 2013-32.* Rev. Proc. 2013-32, 2013-28 I.R.B. 55, provided that private letter rulings no longer would be issued on the Federal income tax consequences of various corporate transactions, including transactions intended to qualify as Section 355 Transactions, but instead would be issued only on significant issues presented in those transactions. The IRS's current ruling policies in this area are described in Rev. Proc. 2024-1, 2024-1 I.R.B. 1, and Rev. Proc. 2024-3, 2024-1 I.R.B. 143.

(b) *Rev. Proc. 2024-1 and Rev. Proc. 2024-3.* Rev. Proc. 2024-1, 2024-1 I.R.B. 1, and Rev. Proc. 2024-3, 2024-1 I.R.B. 143, removed the no-rule position on the Federal income tax consequences of various corporate transactions and eliminated the issuance of rulings on significant issues, including with respect to Section 355 Transactions. See section 16 of Rev. Proc. 2024-1; section 1.02 of Rev. Proc. 2024-3. The Treasury Department and the IRS determined that a broader-scoped private letter ruling program would increase taxpayer certainty regarding the Federal income tax consequences of corporate transactions, enhance the visibility of the Treasury Department and the IRS with regard to current market practices, and ultimately result in a better-informed guidance process. In addition, the IRS determined that providing such rulings would be in the interest of sound tax administration.

(3) *Procedures for requesting private letter rulings regarding Section 355*

Transactions.

(a) *Rev. Proc. 2017-52.* Rev. Proc. 2017-52 provides procedures for requesting private letter rulings regarding Section 355 Transactions and superseded Rev. Proc. 96-30, 1996-1 C.B. 696. Rev. Proc. 2017-52 established a pilot program to issue private letter rulings that address the general Federal income tax consequences of a Section 355 Transaction. Rev. Proc. 2017-52 also provides procedures for requesting rulings that address the general Federal income tax consequences of a Section 355 Transaction and clarifies procedures for requesting rulings on significant issues presented in those transactions. This revenue procedure modifies Rev. Proc. 2017-52. See *generally* section 4.01(1) of this revenue procedure.

(b) *Rev. Proc. 2018-53.* Rev. Proc. 2018-53, 2018-43 I.R.B. 667, described the procedures for requesting rulings on issues relating to the assumption or satisfaction of Distributing Debt (as defined therein) in Divisive Reorganizations and the representations, information, and analysis to be submitted in those requests. Section 2 of Rev. Proc. 2018-53 reiterated that the Treasury Department and the IRS continue to study issues relating to the assumption and satisfaction of Distributing's obligations in Divisive Reorganizations. This revenue procedure supersedes Rev. Proc. 2018-53.

SECTION 3. APPLICATION AND PROCEDURES

.01 Ruling Requests to Which Procedures Apply.

(1) *Section 355 Transactions.*

(a) *In general.* This revenue procedure provides certain procedures for taxpayers requesting rulings on Section 355 Transactions, including representations,

information, and analysis to be submitted with those requests. *See generally* section 3.03 of this revenue procedure.

(b) *Procedures for rulings on matters not addressed by Rev. Proc. 2017-52.* This revenue procedure provides additional procedures for requesting rulings on the following matters that are not addressed by Rev. Proc. 2017-52:

(i) *Delayed Distributions.* The IRS will entertain requests for rulings that Distributions over a period of time are, as applicable, “part of the distribution” (within the meaning of § 355(a)(1)(D)), or “in pursuance of the plan of reorganization” (within the meaning of § 361). *See generally* section 3.03(3) of this revenue procedure (setting forth representations, information, and analysis that must be submitted for such requested rulings).

(ii) *Retained Controlled Stock (or Securities).* The IRS will entertain requests for rulings regarding the application of § 355(a)(1)(D)(ii) (Retentions). *See generally* section 3.03(4) of this revenue procedure (setting forth representations, information, and analysis that must be submitted for such requested rulings).

(2) *Divisive Reorganizations.*

(a) *Scope of rulings.* A taxpayer proposing to engage in a Divisive Reorganization may request rulings that no gain or loss will be recognized to Distributing upon--

(i) Controlled’s Assumption of a Distributing Liability, including a Distributing Contingent Liability, under § 357(a);

(ii) Distributing’s receipt of Section 361 Consideration from Controlled, including Post-Distribution Payments, under § 361(b); and

(iii) Distributing's distribution to a Distributing shareholder of Section 361 Consideration that consists of Controlled stock or other Qualified Property, or Distributing's transfer to a Distributing creditor of that consideration to satisfy Distributing Debt, under § 361(c).

(b) *Characterization of obligation.*

(i) *Relevance of characterization.* The characterization of an obligation relevant to the request as a Debt, as a Liability that is not a Debt, or as not a Liability, for Federal income tax purposes determines the application of the Code and Treasury Regulations to, and the Federal income tax consequences of, a Divisive Reorganization. Therefore, the characterization of an obligation for Federal income tax purposes determines the representations, information, and analysis to be submitted in accordance with section 3.03 of this revenue procedure.

(ii) *Procedure if characterization of obligation not entirely free from doubt.* If the characterization of an obligation for Federal income tax purposes is not entirely free from doubt, the taxpayer must submit a description of the obligation and information and analysis explaining the taxpayer's conclusion regarding the characterization of the obligation. See section 5.17(1) of Rev. Proc. 2024-1 (providing that "an Associate office may issue letter rulings ... [i]f the letter ruling request presents an issue for which the answer seems clear by applying the statute, regulations, and applicable case law to the facts or for which the answer seems reasonably certain but not entirely free from doubt"). If a ruling depends, directly or indirectly, on the characterization of an obligation, the taxpayer must provide information and analysis sufficient for the IRS to determine the characterization of the obligation for Federal income tax purposes.

(3) *Section 355 Transactions involving § 368(a)(1)(G)*. This revenue procedure does not describe specific procedures for requesting rulings addressing the Federal income tax consequences of divisive reorganizations described in § 368(a)(1)(G). The Treasury Department and the IRS request comments regarding appropriate representations, information, and analysis that should be required for the issuance of such rulings. The Treasury Department and the IRS will consider these comments for purposes of future guidance.

.02 Procedures.

(1) *Procedures for requests for rulings common to both Section 355(c) Distributions and Divisive Reorganizations*. In any request for rulings described in section 3.01(1) of this revenue procedure, the taxpayer must submit the representations, information, and analysis set forth in Rev. Proc. 2017-52 and in section 3.03 of this revenue procedure. Unless otherwise modified by this revenue procedure, the taxpayer must submit such representations, information, and analysis in accordance with the procedures provided by Rev. Proc. 2017-52.

(2) *Procedures for requests for rulings regarding §§ 357 and 361 for Divisive Reorganizations*. In any request for rulings described in section 3.01(2) of this revenue procedure, the taxpayer must submit the representations, information, and analysis set forth in Rev. Proc. 2017-52 and in sections 3.03 through 3.05 of this revenue procedure. Unless otherwise modified by this revenue procedure, the taxpayer must submit such representations, information, and analysis in accordance with the procedures provided by section 3 of Rev. Proc. 2017-52.

(3) *Representations*.

(a) *Requirement to provide all representations.* Except as provided by section 3.02(3)(b) of this revenue procedure, each numbered representation set forth in section 3.03 or section 3.05 of this revenue procedure must be submitted precisely in the language requested.

(b) *Sole exception.* If the taxpayer cannot submit any representation set forth in section 3.03 or section 3.05 of this revenue procedure precisely as requested, the taxpayer must provide an explanation for why it would not be possible to provide that representation in the language requested. Variations of the language of such representations may delay processing the ruling request and will not be accepted unless the taxpayer submits reasons satisfactory to the Associate Chief Counsel (Corporate).

.03 Representations, Information, and Analysis in All Requests for Rulings on Section 355 Transactions.

(1) *Overview.* The following requirements apply to all representations, information, and analysis required by this revenue procedure.

(a) *Requirements.* If the taxpayer requests a ruling on any Section 355 Transaction, the taxpayer must submit the representations, information, and analysis set forth in section 3 of Rev. Proc. 2017-52 and the Appendix thereto (except to the extent superseded in this revenue procedure). The taxpayer also must submit the representations, information, and analysis set forth in this section 3.03. A taxpayer requesting a ruling on a Divisive Reorganization also must submit the representations, information, and analysis set forth in sections 3.04 and 3.05 of this revenue procedure.

(b) *Knowledge standard.* With regard to all representations, information, and

analysis required by this revenue procedure, the taxpayer must satisfy all such requirements in accordance with the standard set forth in section 8.05(4) of Rev. Proc. 2024-1 (“Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.”) or successor revenue procedure.

(2) *Delayed Distributions.*

(a) *Scope of rulings.* The IRS may entertain requests for rulings that a series of Distributions of Controlled stock (or Controlled stock and securities) over a period of time is, as applicable, “part of the distribution” (within the meaning of § 355(a)(1)(D)), or “in pursuance of the plan of reorganization” (within the meaning of § 361). To obtain a ruling that all the Controlled stock (or Controlled stock and securities) distributed to Distributing’s shareholders and securityholders qualifies for nonrecognition (and non-inclusion) treatment under § 355, the taxpayer must submit one of the ALTERNATIVE REPRESENTATIONS in section 3.03(2)(b) of this revenue procedure, the information set forth in section 3.03(2)(c) of this revenue procedure, and the analysis set forth in section 3.03(2)(d) of this revenue procedure. See section 3.03(3) of this revenue procedure for the treatment of Retained Controlled Stock (or Securities).

(b) *ALTERNATIVE REPRESENTATIONS.* As applicable, submit one of the following ALTERNATIVE REPRESENTATIONS:

(i) ***ALTERNATIVE REPRESENTATION 1A.*** *Distributing will distribute on the same date all the stock and securities of Controlled, and any options (or similar instruments) to acquire stock or securities of Controlled, that it holds immediately before*

the First Distribution.

(ii) **ALTERNATIVE REPRESENTATION 1B.** *The Distribution Period will be no longer than the period of time necessary to complete all Distributions, but in any event the Final Distribution Date will be no later than 12 months after the First Distribution Date.*

(c) *Information.*

(i) *General requirement.* The taxpayer must submit information on the expected percentage of Controlled stock or securities that will not be distributed in the First Distribution and the expected duration of the Distribution Period.

(ii) *Delay longer than 90 days.* If the Final Distribution Date will take place more than 90 days after the First Distribution Date, the taxpayer also must submit summaries of the following information:

(A) The expected percentage of Controlled stock or securities that will not be distributed within 90 days of the First Distribution and the duration of the Distribution Period.

(B) The business reasons for this percentage and duration (including any regulatory, business, or market constraints that require the extended duration).

(d) *Analysis.*

(i) *In general.* The taxpayer must submit relevant facts and analysis to establish that each Distribution is, as applicable, “part of the distribution” (within the meaning of § 355(a)(1)(D)) or “in pursuance of the plan of reorganization” (within the meaning of § 361).

(ii) *Treatment of passage of time.* In administering the private letter ruling

program, the IRS will not treat the length of time between Distributions referred to in **ALTERNATIVE REPRESENTATION 1B** alone as preventing a Distribution from being “part of the distribution” (within the meaning of § 355(a)(1)(D)) or from being “in pursuance of the plan of reorganization” (within the meaning of § 361). However, the IRS will consider the length of time between Distributions as a primary factor for determining whether, as applicable, a Distribution is “part of the distribution” (within the meaning of § 355(a)(1)(D)), or “in pursuance of the plan of reorganization” (within the meaning of § 361).

(e) *Effect on Rev. Proc. 2017-52.* This section 3.03(2) supersedes representation 2 in section 3 of the Appendix to Rev. Proc. 2017-52.

(3) *Retained Controlled Stock (or Securities).*

(a) *Scope of rulings.* The IRS will entertain requests for rulings regarding the application of § 355(a)(1)(D)(ii) (relating to Retained Controlled Stock (or Securities)).

(i) *General ruling on Retained Controlled Stock (or Securities).* The IRS will entertain a request for a ruling that a Retention will not be in pursuance of a plan having as one of its principal purposes the avoidance of Federal income tax (within the meaning of § 355(a)(1)(D)(ii)).

(ii) *Section 355 Transactions involving Delayed Distributions and Retentions.* With regard to the same Section 355 Transaction, the IRS will entertain a request for rulings that--

(A) A Delayed Distribution of Controlled stock or securities will be, as applicable, “part of the distribution” (within the meaning of § 355(a)(1)(D)) or “in pursuance of the plan of reorganization” (within the meaning of § 361); and

(B) A Retention of Controlled stock or securities that are not included in a request for ruling described in section 3.03(3)(a)(ii)(A) of this revenue procedure (that is, the remaining Controlled stock or securities not distributed as “part of the distribution” (within the meaning of § 355(a)(1)(D)) or “in pursuance of the plan of reorganization” (within the meaning of § 361)) in the Section 355 Transaction) will not be in pursuance of a plan having as one of its principal purposes the avoidance of Federal income tax (within the meaning of § 355(a)(1)(D)(ii)).

(b) *General procedures.*

(i) *Requirements for ruling.* To obtain a ruling that a Retention will satisfy the requirements of § 355(a)(1)(D)(ii), the taxpayer must--

(A) Submit **REPRESENTATIONS 2 through 6**, as required by section 3.03(3)(c) of this revenue procedure (except as provided in section 3.03(3)(e)(iv) of this revenue procedure);

(B) Submit all information and analysis required by section 3.03(3)(d) of this revenue procedure; and

(C) Satisfy the principal purpose standard set forth by section 3.03(3)(e) of this revenue procedure.

(ii) *Certain Distributing Related Person ownership treated as Distributing ownership.* For purposes of this section 3.03(3), Controlled stock, Controlled securities, options (or similar instruments) to acquire Controlled stock or securities, or Controlled stock or securities acquired upon exercise of an option (or settlement of any similar instrument) held, directly or indirectly, by any Distributing Related Person (determined immediately before the Control Distribution Date) that is part of the DSAG will be treated

as Retained Controlled Stock (or Securities).

(iii) *Clarification regarding rulings under §§ 355(a)(1)(D) and 361.* The IRS will not entertain a simultaneous request for the rulings described in section 3.03(3)(a)(ii)(A) and (B) of this revenue procedure with respect to the same Controlled stock or securities. Instead, the IRS will entertain a ruling either that such stock or securities is--

(A) Distributed by Distributing as “part of the distribution” (within the meaning of § 355(a)(1)(D)) or “in pursuance of the plan of reorganization” (within the meaning of § 361); or

(B) Retained by Distributing (within the meaning of § 355(a)(1)(D)(ii)).

(c) **REPRESENTATIONS.** Submit the following REPRESENTATIONS if there is a Retention:

(i) **REPRESENTATION 2.** *After the Control Distribution Date, the Controlled stock will be widely held.*

(ii) **REPRESENTATION 3.** *Each business purpose for the Retention exists as of the time of the Retention and is not speculative or otherwise contingent upon events that potentially could occur after the Control Distribution Date.*

(iii) **REPRESENTATION 4.** *None of Distributing’s directors, officers, or key employees will serve as a director, an officer, or a key employee of Controlled during the period in which Distributing retains Retained Controlled Stock (or Securities). In the event that the taxpayer does not submit this **REPRESENTATION 4**, see section 3.03(3)(e)(iv) of this revenue procedure (providing procedures regarding overlapping directors, officers, or key employees).*

(iv) **REPRESENTATION 5.** *Any Retained Controlled Stock (or Securities) will*

be disposed of as soon as a disposition is warranted, consistent with the business purpose or purposes specified in response to the relevant request for information in section 3.03(3) of Rev. Proc. 2024-24, but in any event, not later than five years after the Control Distribution Date.

(v) **REPRESENTATION 6.** *Distributing will vote any Retained Controlled Stock, and any other Controlled stock with respect to which it has voting power, in proportion to the votes cast by Controlled's other shareholders of the same class (other than Distributing Related Persons). For example, if, after the Control Distribution Date, the other shareholders of the same class of Controlled stock (other than Distributing Related Persons) vote 70 percent in favor of, and 30 percent against, a matter, Distributing would be required to vote its Controlled stock 70 percent in favor of, and 30 percent against, the matter.*

(d) *Information.*

(i) *General information.* The taxpayer must submit the following information:

(A) The number of shares and percentage of each class of stock in, and the principal amount of each series of securities of, Controlled to be held by Distributing after the Control Distribution Date.

(B) A description of any options or similar instruments to acquire Controlled stock or securities that Distributing will hold after the Control Distribution Date.

(C) An explanation for why the Retention is necessary, including a description of each business reason for the Retention and any other cause for the Retention that is not a business reason (for example, taking an investment position in Retained Controlled Stock).

(D) The expected duration of the Retention and the timing for each disposition of Retained Controlled Stock (or Securities), with reference to a specific period or events.

(ii) *Information regarding Federal income tax benefit.*

(A) *In general.* The taxpayer must submit information describing any Federal income tax benefit resulting from, or any advantage relating to the Federal income tax treatment of--

(I) The Retention; and

(II) The disposition of the Retained Controlled Stock (or Securities).

(B) *Examples of relevant Federal income tax benefits and advantages.*

Examples of the Federal income tax benefits and advantages referred to in section 3.03(3)(d)(ii)(A) of this revenue procedure with regard to a Retention include the following:

(I) Anticipated recognition of loss (or gain that is offset by expiring loss) on a disposition of Controlled stock or securities (directly or indirectly).

(II) Ineligibility for nonrecognition of gain or loss upon a distribution of Controlled stock or securities, including stock subject to § 355(a)(3)(B) and § 1.355-2(g).

(III) Any other Federal income tax benefit or advantage, including a reduction of the amount of Federal income tax that otherwise would have resulted from the Section 355 Transaction, that results (directly or indirectly) from the Retention.

(e) *Satisfaction of “a principal purpose” standard.*

(i) *Rebuttable presumption.* The existence of a Retention effectively creates a

rebuttable presumption that the Retention is in pursuance of a plan having as one of its principal purposes the avoidance of Federal income tax. To rebut this presumption, the taxpayer must establish to the satisfaction of the Associate Chief Counsel (Corporate) that the Retention is not in pursuance of a plan having as one of its principal purposes the avoidance of Federal income tax.

(ii) *Factors significantly indicative of impermissible Retention.* The following factors provide significant indicia that a Retention will be in pursuance of a plan having as one of its principal purposes the avoidance of Federal income tax.

(A) A Federal income tax benefit or advantage referred to in section 3.03(3)(d)(ii)(A) of this revenue procedure (including any example set forth in section 3.03(3)(d)(ii)(B) of this revenue procedure).

(B) One or more overlapping key employees between the DSAG and CSAG (determined immediately after the Control Distribution).

(C) One or more overlapping directors or officers between Distributing and Controlled (determined immediately after the Control Distribution).

(D) The existence of continuing contractual agreements between the DSAG and CSAG that include provisions that are not arm's-length.

(iii) *Procedures regarding existence of one or more factors.*

(A) *Existence of one factor.* The IRS will apply significantly increased scrutiny to any ruling request regarding a Retention that involves the existence of any factor described in section 3.03(3)(e)(ii) of this revenue procedure.

(B) *Existence of two or more factors.* In the event that two or more of the factors described in section 3.03(3)(e)(ii) of this revenue procedure exist with regard to

a Retention, the taxpayer must establish to the satisfaction of the Associate Chief Counsel (Corporate) that--

(I) A business exigency exists that outweighs those factors and directly causes the need for the Retention; and

(II) In light of that business exigency, the Retention should not be viewed as in pursuance of a plan having as one of its principal purposes the avoidance of Federal income tax.

(iv) *Procedures regarding overlapping directors, officers, or key employees.*

(A) *In general.* In the event that the taxpayer does not submit

REPRESENTATION 4 precisely in the language requested, the IRS may issue favorable rulings, based upon all relevant facts and circumstances, regarding the application of § 355(a)(1)(D)(ii) if the taxpayer has submitted **REPRESENTATIONS 3, 5, and 6.**

(B) *Controlled business requirement.* The IRS may issue a favorable ruling if a director, officer, or key employee of Distributing serves as a director, officer, or key employee of Controlled solely to accommodate Controlled's business needs.

(C) *Limitation on overlap.* The number of overlapping Distributing directors must not constitute a majority of Controlled's board, and the duration of the overlap must be for an identified, limited period of time. For purposes of calculating compliance with this requirement, each overlapping Distributing officer is treated as an overlapping Distributing director.

(v) *General analysis.* Except as otherwise provided by section 3.03(3)(e)(iii)(B) of this revenue procedure, submit analysis to establish the following:

(A) The Retention should not be viewed as in pursuance of a plan having as one of its principal purposes avoiding Federal income tax.

(B) There is a sufficient business purpose for any such Retention or disposition, and the Retention or disposition is consistent with the business purpose for the Distribution.

(4) *Retention of Controlled Debt.*

(a) *REPRESENTATION.* If Controlled will owe Debt to Distributing after the Control Distribution Date, submit the following **REPRESENTATION 7: *No Debt owed by Controlled, or by any Controlled Related Person, to Distributing, or to any Distributing Related Person, after the Control Distribution will constitute stock or securities.***

(b) *Information.* The taxpayer must submit information describing any Debt to be owed by Controlled (or by any Controlled Related Person) to Distributing (or to any Distributing Related Person) after the Control Distribution Date and analysis that establishes that any such Debt does not constitute stock or securities.

(c) *Effect on Rev. Proc. 2017-52.* **REPRESENTATION 7** supersedes representation 4 in section 3 of the Appendix to Rev. Proc. 2017-52.

(5) *Solvency and viability of Distributing and Controlled.*

(a) *REPRESENTATIONS.* Submit the following REPRESENTATIONS:

(i) **REPRESENTATION 8.** *Immediately after the Control Distribution Date, the fair market value of the assets of Distributing and Controlled will, in each case, exceed the Amount of its Liabilities.*

(ii) **REPRESENTATION 9.** *Immediately after the Control Distribution Date, Controlled will be adequately capitalized and, therefore, is expected to (A) have the*

means to satisfy all its Liabilities incurred as part of the Plan of Reorganization with regard to the Divisive Reorganization, including any securities and other Debt issued as Section 361 Consideration and any Distributing Liabilities that Controlled Assumes, and (B) continue as an economically viable entity, taking solely into account solely the Liabilities described in clause (A) (including, in the case of a pre-existing Controlled, any pre-existing Liabilities) as they come due. For the avoidance of doubt, the expectations described in clauses (A) and (B) of **REPRESENTATION 9** are the expectations of the taxpayer. For purposes of this **REPRESENTATION 9**, Controlled is not treated as satisfying a Liability as a result of Controlled refinancing that Liability.

(b) *Information.* Submit information and analysis to support the taxpayer's ability to provide **REPRESENTATIONS 8** and **9**. The taxpayer may submit projections and other financial information to establish the accuracy and reasonableness of **REPRESENTATIONS 8** and **9**.

(c) *Effect on Rev. Proc. 2017-52.* **REPRESENTATION 8** supersedes representation 21 in section 3 of the Appendix to Rev. Proc. 2017-52.

(6) *Additional information and analysis.* Submit information and analysis to establish that, under general principles of Federal income tax law, the transactions should not be recast, recharacterized, or otherwise treated as one or more transactions that would not qualify under the relevant provisions of the Code.

.04 General Information and Analysis in Requests for Rulings on Divisive Reorganizations. In a request for a ruling on a Divisive Reorganization (in addition to all requirements imposed by sections 3.03 and 3.05 of this revenue procedure) the taxpayer must submit the following information and analysis:

(1) Information that describes--

(a) Each Distributing Debt that will be satisfied with Section 361 Consideration or other Distributing Liability that will be Assumed by Controlled (including the relevant terms of the instruments, agreements, and arrangements that evidence the Distributing Debt or other Distributing Liability and the date or dates on which the Distributing Debt or other Distributing Liability was incurred);

(b) The Section 361 Consideration that will be distributed to Distributing's shareholders or transferred to Distributing's creditors in satisfaction of Distributing Debt; and

(c) The transactions that will implement--

(i) Controlled's Assumption of each Distributing Liability to be Assumed;

(ii) Each distribution of Section 361 Consideration to Distributing's shareholders; and

(iii) Each transfer of Section 361 Consideration to Distributing's creditors in satisfaction of Distributing Debt.

(2) Information and analysis to establish that--

(a) Any Assumption of a Distributing Liability by Controlled will be subject to § 357; and

(b) Any transfer of Section 361 Consideration by Distributing to its creditors in satisfaction of Distributing Debt will be in connection with the Divisive Reorganization, and any distribution of Section 361 Consideration to Distributing's shareholders will be in pursuance of the Plan of Reorganization.

.05 Representations, Information, and Analysis in Requests for Rulings on Divisive

Reorganizations. A taxpayer that requests a ruling on matters pertaining to a Divisive Reorganization must submit the applicable representations, information, and analysis set forth in Rev. Proc. 2017-52 (except to the extent superseded in this revenue procedure), in sections 3.03 and 3.04 of this revenue procedure, and in this section 3.05.

(1) *Scope of Plan of Reorganization.*

(a) *REPRESENTATIONS.* Submit the following REPRESENTATIONS:

(i) **REPRESENTATION 10.** *Each specific step of the Proposed Transaction will be specified and described clearly in the Plan of Reorganization, including any step of the Proposed Transaction the execution of which is a contemplated possibility by any party to the Proposed Transaction but that is properly included as part of the Plan of Reorganization. For purposes of this REPRESENTATION 10, a contemplated possibility with regard to a specific step of the Proposed Transaction includes a step that is subject to any contingency or alternative.*

(ii) **REPRESENTATION 11.** *Each specific step of the Proposed Transaction is (i) necessary to effectuate the business purposes of the Proposed Transaction, (ii) carried out for reasons germane to the continuance of the business of each corporation a party to the Proposed Transaction, and (iii) directly a part of the Proposed Transaction.*

(iii) **REPRESENTATION 12.** *Before the first step of the Proposed Transaction, each party to the Proposed Transaction will have adopted the Plan of Reorganization for the Proposed Transaction.*

(b) *Analysis.* The taxpayer must establish that each specific step of the

Proposed Transaction is part of the Plan of Reorganization with regard to the Proposed Transaction.

(c) *Documentation.* The taxpayer must submit as an exhibit to the ruling request a copy of the Plan of Reorganization with regard to the Proposed Transaction. For the avoidance of doubt, an adequate description of each specific step within the meaning of **REPRESENTATION 10** must identify each party to such step. Similar to ruling request exhibits that contain public filings with regard to a proposed transaction (such as filings with the Securities and Exchange Commission), the IRS will accept copies of the Plan of Reorganization that are marked as “draft.” In order to provide all relevant rulings with regard to the Proposed Transaction, once the Plan of Reorganization is finalized, the IRS will accept a copy of that document through a supplemental submission.

(2) *Distributing as Obligor.*

(a) *REPRESENTATION.* Submit the following **REPRESENTATION 13**:
Distributing is the Obligor of (i) each Distributing Debt that will be satisfied with Section 361 Consideration and (ii) each other Distributing Liability (including each Distributing Contingent Liability) that will be Assumed by Controlled.

(b) *Information and analysis.* With regard to each Distributing Debt or other Distributing Liability described in **REPRESENTATION 13**, the taxpayer must submit the following:

(i) Information regarding any co-obligation, guarantee, indemnity, surety, make-well, keep-well, or similar arrangement, including security provided by any person other than Distributing.

(ii) Analysis to establish that, taking into account any such arrangement,

Distributing is the Obligor of that Distributing Debt or other Distributing Liability (including a Distributing Contingent Liability) for Federal income tax purposes.

(3) *Asset basis limitations.*

(a) *REPRESENTATION.* Submit the following **REPRESENTATION 14**: *The total adjusted basis of the assets transferred by Distributing to Controlled will equal or exceed the sum of--*

(i) *The total amount of the Liabilities Assumed by Controlled (within the meaning of § 357(d)); and*

(ii) *The total amount of any money and the fair market value of any Other Property (regardless of whether the money or Other Property is distributed to Distributing's shareholders or transferred to Distributing's creditors).*

(b) *Information.* If the taxpayer does not submit **REPRESENTATION 14**, the taxpayer must submit information regarding the amounts referred to in **REPRESENTATION 14** and the computation of any gain to be realized and recognized in the transaction.

(c) *Effect on Rev. Proc. 2017-52.* This section 3.05(3) supersedes representation 18 in section 3 of the Appendix to Rev. Proc. 2017-52.

(4) *Holders of Distributing Debt or other Distributing Liabilities.*

(a) *ALTERNATIVE REPRESENTATIONS.* As applicable, submit one of the following ALTERNATIVE REPRESENTATIONS:

(i) *Holder not a Related Person.* If the holder of Distributing Debt or other Distributing Liabilities is not a Related Person, submit the following **ALTERNATIVE REPRESENTATION 15A**: *No holder of a Distributing Debt that will be satisfied with*

Section 361 Consideration, or of a Distributing Liability that will be Assumed by Controlled (including a Distributing Contingent Liability), is a Distributing Related Person or a Controlled Related Person.

(ii) *Holder of Distributing Debt a Related Person.* If the holder of a Distributing Debt that will be satisfied with Section 361 Consideration is a Distributing Related Person, submit the following **ALTERNATIVE REPRESENTATION 15B**: *If any Section 361 Consideration is received by a creditor of Distributing that is a Distributing Related Person, that Section 361 Consideration will be transferred no later than the date that is 12 months after the First Distribution Date to a creditor of that Distributing Related Person to satisfy Debt owed by that Distributing Related Person to that creditor. The creditor described in the preceding sentence (that is, the ultimate creditor) will not be a Distributing Related Person or a Related Person with regard to any Distributing Related Person. In addition, all Debt for which Section 361 Consideration will be exchanged as part of the series of transfers described in this **REPRESENTATION 15B** will have been in existence as of the Earliest Applicable Date.* For purposes of this **REPRESENTATION 15B**, the status of a person as a Distributing Related Person, or a Related Person with regard to any Distributing Related Person, is determined at the time at which that person receives Section 361 Consideration in a transfer described in this **REPRESENTATION 15B**.

(iii) *Applicability of revenue procedure.* All relevant provisions of this revenue procedure apply to all the transactions that will implement the series of transfers of Section 361 Consideration required by **ALTERNATIVE REPRESENTATION 15B** (as potentially modified under section 3.05(4)(b)(ii) of this revenue procedure).

(b) *Information and analysis.*

(i) *Complete description of transfers.* If the taxpayer submits **ALTERNATIVE REPRESENTATION 15B**, the taxpayer must describe the steps and timing of all the transactions that will implement the series of transfers of the Section 361 Consideration required by **ALTERNATIVE REPRESENTATION 15B** (as potentially modified under section 3.05(4)(b)(ii) of this revenue procedure).

(ii) *Modification of representation.* **ALTERNATIVE REPRESENTATION 15B** may be modified solely to reflect one or more series of intermediate transfers of Section 361 Consideration between Distributing Related Persons to satisfy Debts (including the initial Distributing Debt), if that series of intermediate transfers--

(A) Culminates in a transfer of Section 361 Consideration to a creditor that is not a Distributing Related Person or a Related Person with regard to any Distributing Related Person; and

(B) Satisfies all other requirements described in **ALTERNATIVE REPRESENTATION 15B**.

(iii) *Application of consolidated return regulations.* The taxpayer must submit information and analysis to address any potential application of the Treasury Regulations under § 1502.

(5) *Intermediaries.*

(a) *In general.* If an Intermediary will acquire historical Distributing Debt (as determined in accordance with section 3.05(8) of this revenue procedure) to be satisfied with Section 361 Consideration, the taxpayer must submit the REPRESENTATIONS required by section 3.05(5)(b) of this revenue procedure, the information required by

section 3.05(5)(c) of this revenue procedure, and the analysis required by section 3.05(5)(d) of this revenue procedure.

(b) **REPRESENTATIONS.** Submit the following REPRESENTATIONS:

(i) **REPRESENTATION 16.** *No holder of a Distributing Debt that will be satisfied with Section 361 Consideration, or of other Distributing Liability (including a Distributing Contingent Liability) that will be Assumed by Controlled, will hold the Debt or other Liability for the benefit of Distributing, Controlled, a Distributing Related Person, or a Controlled Related Person.* For purposes of this **REPRESENTATION 16**, a collateral benefit received by Distributing from an arrangement with an Intermediary (for example, facilitation of a transfer of Section 361 Consideration in satisfaction of Distributing Debt) will not be treated as the Intermediary holding Distributing Debt for the benefit of Distributing, Controlled, or any Distributing Related Person or Controlled Related Person.

(ii) *Direct issuances generally prohibited.* As applicable, submit one of the following ALTERNATIVE REPRESENTATIONS:

(A) *General prohibition.* Submit **ALTERNATIVE REPRESENTATION 17A:** *An Intermediary will not acquire Distributing Debt (that will be satisfied with Section 361 Consideration) from Distributing, from Controlled, or from any Distributing Related Person or Controlled Related Person.*

(B) *Sole exception.* Submit **ALTERNATIVE REPRESENTATION 17B:** *All Distributing Debt directly acquired by an Intermediary from Distributing (that will be satisfied with Section 361 Consideration) will be acquired before the Earliest Applicable Date.* For the avoidance of doubt, one example of a direct acquisition of Distributing

Debt by an Intermediary from Distributing would be an issuance by Distributing of a Distributing Debt to the Intermediary in exchange for cash.

(iii) **REPRESENTATION 18.** *Each exchange of Section 361 Consideration for Distributing Debt between Distributing and an Intermediary will be effectuated based on terms and conditions arrived at by the parties bargaining at arm's length.*

(iv) **REPRESENTATION 19.** *Neither Distributing, nor Controlled, nor any Distributing Related Person or Controlled Related Person, will participate in any profit gained by Intermediary upon an exchange of Section 361 Consideration; nor will any such profit be limited by agreement or other arrangement.*

(v) **REPRESENTATION 20.** *The Intermediary will (i) act for its own account, and (ii) bear the risk of loss with respect to (A) the Distributing Debt and (B) any subsequent sale or other disposition of Section 361 Consideration transferred to the Intermediary to satisfy the Distributing Debt.* **REPRESENTATION 20** cannot be submitted if the Intermediary enters into a variable pricing agreement or similar arrangement with Distributing (or Controlled, a Distributing Related Person, or a Controlled Related Person) with regard to any Section 361 Consideration. An agreement or arrangement described in the preceding sentence could involve, for example, “true-up” payments, forward exchange agreements, or any other similar agreement or arrangement. A collateral benefit received by Distributing from an arrangement with an Intermediary (for example, facilitation of exchanges of Section 361 Consideration for Distributing Debt) will not be considered inconsistent with this representation.

(c) *Information.* A taxpayer must submit the following information:

(i) The name of each Intermediary and a description of the terms of all agreements, understandings, and arrangements pertaining to the proposed transactions or any related transactions between the Intermediary and Distributing (or Controlled or any Distributing Related Person or Controlled Related Person). The description of the terms must include--

(A) The terms of any Distributing Debt, Distributing stock, or Section 361 Consideration to be acquired by the Intermediary; and

(B) The terms of all agreements, understandings, and arrangements relating to those acquisitions.

(ii) A description of any co-obligation, guarantee, indemnity, surety, make-well, keep-well, or similar arrangement, including--

(A) Security provided to the Intermediary by Distributing (or by Controlled, or any Distributing Related Person or Controlled Related Person); or

(B) Any other undertaking that results in the protection of the Intermediary against the risk of loss with regard to the Section 361 Consideration or Distributing Debt.

(iii) The length of time expected to elapse between the Intermediary's acquisition of a Distributing Debt and the satisfaction of that Debt with Section 361 Consideration.

(iv) Information to establish that the exchange of Section 361 Consideration for Distributing Debt between Distributing and the Intermediary will be effectuated based on terms and conditions arrived at by the parties bargaining at arm's length.

(d) *Analysis.*

(i) *Consistency with representations.* The taxpayer must provide analysis to establish that the terms of all agreements, understandings, and arrangements with an Intermediary, and all activities by that Intermediary, are consistent with **REPRESENTATIONS 16** through **20**. In particular, **REPRESENTATIONS 16** through **20** will not be treated as provided by the taxpayer unless the taxpayer provides analysis that establishes that the Intermediary is a creditor of Distributing and participates as a principal for its own account in the exchange with Distributing, and that the transfer of Section 361 Consideration to the Intermediary should be respected and not recast or recharacterized under any principles of Federal income tax law (including the substance over form doctrine), agency, or any similar theory.

(ii) *Agreement, understanding, or arrangement.* An agreement, understanding, or arrangement, and an Intermediary's activities, will not be considered to be inconsistent with any of **REPRESENTATIONS 16** through **20** solely because the agreement, understanding, or arrangement is entered into before, at the same time as, or after the Intermediary acquires Distributing Debt. However, the analysis described in section 3.05(5)(d)(i) of this revenue procedure must establish that an agreement, understanding, or arrangement entered into before, or at the same time as, the Intermediary acquires Distributing Debt satisfies all requirements set forth in § 361, particularly by taking into account general principles of Federal income tax law (including substance over form), agency, or other relevant theory.

(iii) *Period during which an Intermediary holds Distributing Debt.* The shortness of time during which an Intermediary will hold the Distributing Debt will not be considered inconsistent with any of **REPRESENTATIONS 16** through **20**. However, if a

short time is expected to elapse between an Intermediary's acquisition of a Distributing Debt and the satisfaction of that Debt with Section 361 Consideration, the analysis described in section 3.05(5)(d)(i) of this revenue procedure must establish that the expected short time should not cause the form of the transactions to be recast for Federal income tax purposes. The IRS will consider the length of time between an Intermediary's acquisition of a Distributing Debt and the satisfaction of that Debt with Section 361 Consideration as a primary factor in determining whether the form of the transactions should be recast for Federal income tax purposes. For the avoidance of doubt, the shorter the length of time between an Intermediary's acquisition of a Distributing Debt and the satisfaction of that Debt with Section 361 Consideration, the greater the scrutiny the IRS will apply to the ruling request.

(iv) Plan of Reorganization.

(A) In general. The taxpayer must provide analysis to establish that the exchange of Distributing Debt for Section 361 Consideration contemplated by any agreement, understanding, or arrangement between Intermediary and Distributing (or Controlled or any Distributing Related Person or Controlled Related Person) will be in pursuance of the Plan of Reorganization.

(B) Consistency with Plan of Reorganization procedures. The analysis required by section 3.05(5)(d)(iv)(A) of this revenue procedure must incorporate similar representations, information, and procedures to those required by section 3.05(1) of this revenue procedure for determining whether a Distribution is "in pursuance of the plan of reorganization" (within the meaning of § 361).

(6) Distributing Debt and other Distributing Liabilities must be historical.

(a) *REPRESENTATION*. Submit the following **REPRESENTATION 21**:
Distributing incurred each Distributing Debt that will be satisfied with Section 361 Consideration, and each Distributing Liability that will be Assumed by Controlled (except with regard to any Distributing Contingent Liability), before the Earliest Applicable Date.

(b) *Amount of Debt*. For purposes of **REPRESENTATION 21**, the Amount of Debt incurred by Distributing under a revolving credit agreement or similar arrangement on the Earliest Applicable Date, rather than the maximum Amount that could be incurred by Distributing under that arrangement, is the Amount incurred by Distributing.

(7) *Distributing Contingent Liabilities*.

(a) *REPRESENTATION*. Submit the following **REPRESENTATION 22**: *Each Distributing Contingent Liability to be Assumed by Controlled is economically attributable to the period of time ending on the Contribution Date.*

(b) *Continuing activities*. The taxpayer is not foreclosed from submitting **REPRESENTATION 22** even if, after the Earliest Applicable Date, Distributing continues to engage in the same type of activities that generated the Distributing Contingent Liability (and, therefore, the specific Amount included in the projection required by section 3.03(5)(b) of this revenue procedure) described in **REPRESENTATION 22**. In this case, the taxpayer must submit a description of the continuing activities and explain the effect of these continuing activities on the Contingent Liability.

(8) *Limitation to historical average Distributing Debt*.

(a) *REPRESENTATION*. Submit the following **REPRESENTATION 23**: *The total Amount of Distributing Debt that will be satisfied with Section 361 Consideration or*

Assumed by Controlled will not exceed the historical average of the total Amount of Distributing Debt owed to persons other than Distributing Related Persons. This historical average of the total Amount of Debt was determined pursuant to section 3.05(8)(b) of Rev. Proc. 2024-24.

(b) Historical average Amount.

(i) In general. The historical average of the total Amount of Distributing Debt described in **REPRESENTATION 23** is determined based on the Distributing Debt outstanding as of the close of the eight fiscal quarters that ended or will end immediately before the Earliest Applicable Date, taking into account the limitation described in section 3.05(8)(b)(ii) of this revenue procedure.

(ii) Distributing Debt held by Distributing Related Person. If the taxpayer provides **ALTERNATIVE REPRESENTATION 15B**, the historical average of the total Amount of Distributing Debt owed to persons other than Distributing Related Persons described in **REPRESENTATION 23** must include an Amount equal to the lesser of the following:

(A) The Amount of Distributing Debt held by the Distributing Related Person that directly holds the Distributing Debt (that is, the first Distributing Related Person described in **ALTERNATIVE REPRESENTATION 15B**); and

(B) The Amount of Debt held by the ultimate creditor described in **ALTERNATIVE REPRESENTATION 15B**.

(iii) Adjustments. The total Amount of Distributing Debt to be satisfied with Section 361 Consideration or assumed by Controlled, and the historical average described in section 3.05(8)(b)(i) of this revenue procedure (determined in accordance

with **REPRESENTATION 23**), each must be adjusted to prevent duplication or omission of Debt or any other distortion. The taxpayer must submit information and analysis to explain any such adjustments and establish that such adjustments were made to prevent duplication or omission of Debt or any other distortion.

(9) *Distribution of Qualified Property, money, and Other Property.*

(a) **REPRESENTATIONS.** Submit the following REPRESENTATIONS:

(i) **REPRESENTATION 24.** *All Qualified Property, money, and Other Property transferred, by Controlled to Distributing in pursuance of the Plan of Reorganization will be distributed by Distributing to its shareholders in pursuance of the Plan of Reorganization or transferred to its creditors in connection with the Divisive Reorganization.*

(ii) **REPRESENTATION 25.** *No money or Other Property that is transferred by Controlled to Distributing in pursuance of the Plan of Reorganization will be distributed by Distributing to its shareholders in pursuance of the Plan of Reorganization or transferred to its creditors in connection with the Divisive Reorganization on a date that is earlier than the First Distribution Date.*

(b) **Information.** The taxpayer must submit the following information:

(i) A description of any Qualified Property, money, or Other Property to be transferred by Controlled to Distributing.

(ii) A description of the transactions in which Distributing will distribute the Qualified Property, money, or Other Property to its shareholders or transfer the Qualified Property, money, or Other Property to its creditors.

(c) **Analysis.** The taxpayer must submit analysis to establish that any Qualified

Property (to the extent not part of a Retention), money, or Other Property to be transferred by Controlled to Distributing in pursuance of the Plan of Reorganization will be distributed by Distributing to its shareholders in pursuance of the Plan of Reorganization or transferred to its creditors in connection with the reorganization.

(d) *Additional information.* If the taxpayer does not submit **REPRESENTATION 25**, the taxpayer must submit--

(i) Information describing any transaction involving Qualified Property, money, or Other Property transferred by Controlled to Distributing that will not be distributed or transferred as described in **REPRESENTATION 25**; and

(ii) Analysis of the Federal income tax treatment of any transaction described in section 3.05(9)(d)(i) of this revenue procedure.

(e) *Effect on Rev. Proc. 2017-52.* **REPRESENTATION 25** supersedes representations 19 and 20 in section 3 of the Appendix to Rev. Proc. 2017-52.

(10) *Delayed transfers to creditors in satisfaction of Distributing Debt in connection with the Plan of Reorganization.*

(a) **REPRESENTATIONS.** With respect to any transfer of Section 361 Consideration in satisfaction of Distributing Debt that is intended to be in connection with the Plan of Reorganization, submit the following REPRESENTATIONS:

(i) **REPRESENTATION 26.** *There are one or more substantial business reasons for any delay in transferring Section 361 Consideration to Distributing's creditors in satisfaction of Distributing Debt more than 90 days after the First Distribution Date.*

(ii) **REPRESENTATION 27.** *With the exception of Post-Distribution Payments,*

all transfers of Section 361 Consideration by Distributing to Distributing's creditors in satisfaction of Distributing Debt will be made no later than 12 months after the First Distribution Date.

(b) *Additional REPRESENTATION.* If a possibility exists that Distributing will receive a Post-Distribution Payment, submit the following **REPRESENTATION 28**:
Distributing will use a segregated account to deposit any Post-Distribution Payment that Distributing receives from Controlled. Not later than 90 days after the date on which Distributing receives a Post-Distribution Payment from Controlled, Distributing will distribute that Post-Distribution Payment (including any interest earned on the segregated account) to its shareholders or transfer that Post-Distribution Payment to its creditors in satisfaction of Distributing Debt that was in existence as of the Earliest Applicable Date. For the avoidance of doubt, the Distributing Debt described in this REPRESENTATION 28 must be Distributing Debt that is identified in REPRESENTATION 23 and included in the determination of the historical average of the total Amount of Distributing Debt under REPRESENTATION 23.

(c) *Information and analysis.*

(i) *Delay beyond 90 days; 12-month distribution period.*

(A) *Requirements.* With regard to **REPRESENTATIONS 27** and **28**, the taxpayer must submit information and analysis to establish--

(I) The substantial business reasons for any delay in satisfying Distributing Debt beyond 90 days after the First Distribution Date; and

(II) That the satisfaction of Distributing Debt more than 90 days thereafter, will be in connection with the Plan of Reorganization.

(B) *Documentation*. Except with regard to the Plan of Reorganization, documentation of the matters described in section 3.05(10)(c)(i)(A) of this revenue procedure should be submitted only if requested by the IRS.

(ii) *Post-Distribution Payments*. With regard to **REPRESENTATION 28**, the taxpayer must submit information and analysis to establish the following:

(A) In character, the Post-Distribution Payment will constitute Section 361 Consideration and not, for example, a payment for goods or services separate from the Divisive Reorganization. See *Arrowsmith v. Comm’r*, 344 U.S. 6 (1952).

(B) Whether, as of the First Distribution Date, the fair market value of Distributing’s right to receive the Post-Distribution Payment will be reasonably ascertainable (within the meaning of that phrase, as used in *Burnet v. Logan*, 283 U.S. 404, 413 (1931)), and the Post-Distribution Payment will be properly accounted for when the Post-Distribution Payment is received. See *Burnet v. Logan*, 283 U.S. at 413 (“The consideration for the sale was \$2,200,000 in cash and the promise of future money payments wholly contingent upon facts and circumstances not possible to foretell with anything like fair certainty. The promise was in no proper sense equivalent to cash. It had no ascertainable fair market value. The transaction was not a closed one.”); § 1.1001-1(a), (g)(2)(ii).

(C) Whether Distributing will account for its right to receive the Post-Distribution Payment under the installment method. See *generally* § 15a.453-1(c)(1) (regarding contingent payment obligations).

(11) *Effect of transaction related to Divisive Reorganization on Controlled securities*.

(a) If any transaction related to the Divisive Reorganization may affect the terms of any Controlled securities received by Distributing in pursuance of the Plan of Reorganization, submit the following **REPRESENTATION 29**: *No transaction (or series of transactions) that is directly or indirectly related to the Divisive Reorganization will result in a deemed exchange, pursuant to § 1.1001-3, of any Controlled securities received by Distributing in pursuance of the Plan of Reorganization. Controlled will continue as the Obligor of any such securities after any such transaction or series of transactions.*

(b) *Information and analysis.* The taxpayer must describe any change, resulting from or in connection with the related transaction, in the terms of any Controlled securities or other Qualified Property received by Distributing in pursuance of the Plan of Reorganization, and must submit analysis to support the conclusion that no such change will constitute a deemed exchange pursuant to § 1.1001-3. In addition, the taxpayer must submit analysis to support the conclusion that Controlled will continue as the Obligor of any such securities or other Qualified Property after any such transaction or series of transactions. For this purpose, Rev. Rul. 98-27, 1998-1 C.B. 1159, is not relevant to determine whether any such transaction or series of transactions should cause the Divisive Reorganization to be recast because that revenue ruling addresses solely whether Controlled was a “controlled corporation” immediately before the Distribution under § 355(a). *See also generally* Rev. Rul. 98-44, 1998-2 C.B. 315.

(12) *No replacement of Distributing Debt.*

(a) *REPRESENTATION.* Submit the following **REPRESENTATION 30**: *Neither Distributing nor any Distributing Related Person (determined immediately after the*

Control Distribution), will replace, directly or indirectly, any Amount of Distributing Debt that will be satisfied with Section 361 Consideration with borrowing that Distributing or any Distributing Related Person (determined immediately after the Control Distribution) anticipates or is committed to, directly or indirectly, before the Control Distribution Date.

(b) *Treatment of borrowing.* If the taxpayer does not submit **REPRESENTATION 30**, and the requirements set forth in section 3.02(3) of this revenue procedure are not satisfied, the IRS will consider issuing a favorable ruling only if the taxpayer establishes one of the following:

(i) The borrowing is incurred in the ordinary course of business pursuant to a revolving credit agreement or similar arrangement that is unrelated, and would have been incurred without regard, to the Section 355 Transaction or any transaction related to the Section 355 Transaction.

(ii) The borrowing results from an event, unrelated to the Section 355 Transaction and not in the ordinary course of business of Distributing, directly arising from changed circumstances that were not anticipated prior to the Control Distribution Date (that is, unrelated to the Section 355 Transaction or any transaction related to the Section 355 Transaction).

(c) *Information and analysis.* The purpose of **REPRESENTATION 30**, and the information and analysis required by this section 3.05(12)(c), is to establish that the application of § 361 to the proposed transactions is consistent with the text and purpose of § 361, so that issuing a private letter ruling would be in the interest of sound tax administration. See section 2.01(4) of this revenue procedure. Accordingly, the taxpayer must submit the following information and analysis:

(i) *Revolving credit agreement or a similar arrangement.*

(A) *Scope.* This section 3.05(12)(c)(i) applies if Distributing or any Distributing Related Person (determined immediately after the Control Distribution) is a borrower pursuant to a revolving credit agreement or similar arrangement in existence as of the Earliest Applicable Date.

(B) *Requirements.* If this section 3.05(12)(c)(i) applies, to rely on the exception described in section 3.05(12)(b)(i) of this revenue procedure, the taxpayer must submit information and analysis to establish that any increase either in the Amount of borrowing provided for therein or the actual Amount borrowed--

(I) Did not occur in connection with the Section 355 Transaction, and would have occurred without regard to the Section 355 Transaction or any transaction related to the Section 355 Transaction; and

(II) Was incurred in the ordinary course of business (that is, demonstrably independent of the Section 355 Transaction or any transaction related to the Section 355 Transaction).

(ii) *Event arising from unanticipated, changed circumstances.*

(A) *Scope.* This section 3.05(12)(c)(ii) applies if Distributing or a Distributing Related Person (determined immediately after the Control Distribution) is a prospective or an actual borrower as a result of an event described in section 3.05(12)(b)(ii) of this revenue procedure.

(B) *Requirements.* If this section 3.05(12)(c)(ii) applies, to rely on the exception described in section 3.05(12)(b)(ii) of this revenue procedure, the taxpayer must submit information and analysis to establish that--

(I) The event did not occur in the ordinary course of business of Distributing or in connection with the Section 355 Transaction and the borrowing would have been incurred without regard to the Section 355 Transaction or any transaction related to the Section 355 Transaction; and

(II) The event directly arose from changed circumstances that were unanticipated prior to the Control Distribution Date (that is, demonstrably independent of the Section 355 Transaction or any transaction related to the Section 355 Transaction).

(13) Assumption of Distributing Liabilities.

(a) Ruling on Assumption of a Distributing Liability. The IRS will entertain a request for a ruling that a transaction or series of transactions pursuant to an agreement or arrangement between Distributing and Controlled constitutes an Assumption of a Distributing Liability.

(b) REPRESENTATIONS. If the taxpayer requests a ruling described in section 3.05(13)(a) of this revenue procedure, the taxpayer must submit the following REPRESENTATIONS, information, and analysis. Separate REPRESENTATIONS must be submitted with respect to each Liability or group of Liabilities. If any transaction described in section 3.05(13)(a) of this revenue procedure will occur at the same time as or after a related Section 355 Transaction, the REPRESENTATIONS in this section 3.05(13)(b) and the information and analysis required by section 3.05(13)(c) of this revenue procedure must be submitted both as of immediately after the Section 355 Transaction at issue and as of immediately after each such transaction.

(i) REPRESENTATION 31. No payment by Controlled to satisfy a Distributing Liability (including a Distributing Contingent Liability) that Controlled Assumes will be

made, directly or indirectly, to Distributing or to a Distributing Related Person or made in any manner that results in Distributing or a Distributing Related Person having legal or practical dominion or control over any part of the payment. See section 3.05(13)(e)(ii) of this revenue procedure for information regarding the facts and circumstances analysis regarding the “legal or practical dominion or control standard.”

*(ii) **REPRESENTATION 32.** Controlled has agreed, and is expected, to satisfy each Distributing Liability (including each Distributing Contingent Liability) that Controlled Assumes.*

*(iii) **REPRESENTATION 33.** The Assumption of each Distributing Liability (including each Distributing Contingent Liability) that Controlled Assumes will have been provided for in an agreement entered into between Distributing and Controlled before the First Distribution Date.*

*(iv) **REPRESENTATION 34.** Each Distributing Liability (including each Distributing Contingent Liability) that Controlled Assumes will have been incurred in the ordinary course of business and will be associated with Controlled’s assets and business.*

*(v) **REPRESENTATION 35.** All payments in satisfaction of each Distributing Contingent Liability will be made as soon as practicable after the amounts of those payments are substantially determined.*

*(c) **Information and analysis.** Submit the following information and analysis:*

(i) A description of each Distributing Liability to be Assumed by Controlled, including the circumstances in which the Distributing Liability was incurred.

(ii) A description of each agreement or arrangement at issue, including the

rights and obligations of Distributing, Controlled, and any other parties. If a payment will be made to a trust, an escrow agent, or a person in a similar role, submit information and analysis to establish that neither Distributing nor any Distributing Related Person will have legal or practical dominion or control over any part of the payment.

(d) *Additional information and analysis relating to Assumption of a Distributing Contingent Liability.* If Controlled will Assume a Distributing Contingent Liability, the taxpayer must submit the following additional information and analysis:

(i) A description of each Distributing Contingent Liability to be Assumed by Controlled, including the circumstances in which the Distributing Contingent Liability was incurred, the length of time expected before amounts to be paid will be substantially determined, the relationship of the Distributing Contingent Liability to Controlled's business and assets, and the current and anticipated disclosure of the Distributing Contingent Liability on financial statements of Distributing, Controlled, any Distributing Related Person, or any Controlled Related Person.

(ii) A statement as to whether Distributing or Controlled (or another person) will deduct or capitalize, under its respective method of accounting, payments to satisfy the Assumed Liability. See Rev. Rul. 95-74.

(e) *Dominion or control.*

(i) *Segregated account is within legal or practical dominion or control.* A payment may be considered to be within Distributing's legal or practical dominion or control even if made to a segregated account of Distributing, a Distributing Related Person, or any person through which Distributing or a Distributing Related Person can direct the treatment or disposition of the payment.

(ii) *Facts and circumstances analysis.* Based on all the facts and circumstances, a payment may be considered not to be in Distributing's legal or practical dominion or control if--

(A) The payment is dedicated to the satisfaction of a Liability that was a Distributing Liability (including a Distributing Contingent Liability) identified in an agreement described in **REPRESENTATION 33**;

(B) The payment is made to an independent trustee or escrow agent that is not affiliated with Distributing;

(C) The payment is not made to any account of Distributing, a Distributing Related Person, or any person through which Distributing or a Distributing Related Person could direct the payment, regardless of the brevity, or transitory nature, of the period in which the payment is in such an account;

(D) The parties will treat any income, gain, or loss on the payment proceeds as income, gain, or loss to Controlled; and

(E) Any excess of the payment amount (and any income or gain thereon) over the amount paid to satisfy the Liability will revert to Controlled.

(f) *Consequences of legal or practical dominion or control of Distributing or Distributing Related Person.* If Controlled makes a payment to satisfy a Distributing Liability, and any part of the payment is made to Distributing or to a Distributing Related Person, or is made in a manner that results in any part of the payment being within the legal or practical dominion or control of Distributing or a Distributing Related Person, one of the following three consequences will result:

(i) *Section 361 Consideration.* The IRS may rule that the payment constitutes

Section 361 Consideration and not a payment of an Assumed Liability. Consequently, all representations, information, and analysis required by this revenue procedure will apply to that payment of Section 361 Consideration (including such representations, information, and analysis regarding Post-Distribution Payments).

(ii) *Plan of Reorganization*. The IRS may rule that the payment is not made in connection with the Plan of Reorganization.

(iii) *No ruling*. The IRS may decline to rule on the issues.

(g) *Effect on Rev. Proc. 2017-52*. **REPRESENTATION 34** supersedes representation 17 in section 3 of the Appendix to Rev. Proc. 2017-52.

(14) *No avoidance of Federal income tax*.

(a) **REPRESENTATIONS**. Submit the following REPRESENTATIONS:

(i) **REPRESENTATION 36**. *No Assumption by Controlled of any Distributing Liability (including a Distributing Contingent Liability) will have as a principal purpose (1) the avoidance of Federal income tax or (2) any other purpose that is not a bona fide business purpose (within the meaning of § 357(b)(1)).*

(ii) **REPRESENTATION 37**. *No proposed transaction or series of transactions will have as a principal purpose the avoidance of any requirement or limitation in § 357 or § 361.*

(b) *Information and analysis*. The taxpayer must submit information and analysis to establish that **REPRESENTATIONS 36** and **37** are accurate.

SECTION 4. EFFECT ON OTHER DOCUMENTS

.01 *Rev. Proc. 2017-52*. Rev. Proc. 2017-52 is modified by deleting Representations 2, 4, and 17 through 21 in section 3 of the Appendix.

.02 *Rev. Proc. 2018-53*. *Rev. Proc. 2018-53* is superseded.

SECTION 5. EFFECTIVE DATE

This revenue procedure will apply to all ruling requests postmarked or, if not mailed, received by the IRS after May 31, 2024.

SECTION 6. PAPERWORK REDUCTION ACT

The collections of information in this revenue procedure have been reviewed and approved by the Office of Management and Budget (OMB) in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1522.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

The collections of information in this revenue procedure are in section 3. This information is required to determine whether a taxpayer would qualify for tax-free treatment to the extent allowed under §§ 357 and 361. The collections of information are required to obtain a benefit. The likely respondents are corporations that control another corporation, as well as the management of the corporation the stock of which is being distributed or of the corporation that controls the corporation the stock of which is being distributed.

The estimated total annual reporting burden for *Rev. Proc. 2024-1* is 316,020 hours.

The estimated annual burden per respondent for *Rev. Proc. 2024-1* varies from 1 to 200 hours, depending on individual circumstances, with an estimated average of 80 hours. The estimated number of respondents is 3,956.

The estimated total annual reporting burden for this revenue procedure adds 955

hours to the burden imposed by Rev. Proc. 2024-1, Rev. Proc. 2017-52, which is modified by this revenue procedure, and Rev. Proc. 2018-53, which is superseded by this revenue procedure.

The estimated annual burden per respondent for this revenue procedure varies from 5 to 50 hours, depending on individual circumstances, with an estimated average of 15 hours. The estimated number of additional respondents added to Rev. Proc. 2024-1 and Rev. Proc. 2018-53 by this revenue procedure is 2, increasing the estimated number of respondents to Rev. Proc. 2024-1 to 3,958.

The estimated average burden for Rev. Proc. 2024-1, Rev. Proc. 2017-52, and Rev. Proc. 2018-53, as increased by this revenue procedure, is 0 hours.

The estimated annual frequency of responses is on occasion.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue tax law. Generally tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

SECTION 7. DRAFTING INFORMATION

The principal author of this revenue procedure is Grid Glycer of the Office of the Associate Chief Counsel (Corporate). For further information regarding this revenue procedure, please contact Mr. Glycer at (202) 317-3181.

APPENDIX

SECTION 1. GENERAL

.01 *Overview.* The terms defined in section 2 of this Appendix are used solely for purposes of this revenue procedure. No inference, implication, or presumption of the meaning of any term used in the Code, Treasury Regulations, or any other guidance of the Treasury Department or the IRS should be drawn or made by reason of any definition provided in section 2 of this Appendix.

.02 *Defined Terms in Ruling Requests.*

(1) *In general.* In requests for rulings to which this revenue procedure applies, taxpayers must include a statement confirming that these defined terms are used.

(2) *Modifications.*

(a) *Conditions.* A taxpayer is permitted to modify the definition of any term defined in section 2 of the Appendix only if—

(i) the taxpayer identifies and describes the modification;

(ii) the modification to the definition does not alter any material requirements of this revenue procedure; and

(iii) the definition does not involve, in whole or in part, an expression of Federal tax law (in other words, the taxpayer is not permitted to modify a legal standard that is incorporated into the definition).

(b) *Consequences.* If a taxpayer modifies the definition of any term that is used in a representation, the taxpayer is treated as failing to submit precisely the requested language of the representation, as required by section 3.02(3) of this revenue procedure. Variations of the language of the representations may delay processing the

ruling request and will not be accepted unless reasons satisfactory to the Associate Chief Counsel (Corporate) are submitted. The degree to which the definition of a term is material to a representation, the greater the scrutiny that will be applied to any proposed deviation from that definition in reviewing the ruling request.

(3) *Additional defined terms.* Taxpayers are encouraged to use additional defined terms where appropriate.

SECTION 2. DEFINITIONS

.01 *Amount.* Determinations of Amount and other determinations required by this section 2.01 must be made as of the Earliest Applicable Date (unless otherwise specified in this revenue procedure):

(1) *With regard to Debt.* Except as provided in section 2.01(2) of this Appendix, with regard to Debt, the term *Amount* means adjusted issue price (as defined in § 1.1275-1(b)). See also § 1.446-2.

(2) *With regard to certain convertible Debt.* With regard to Debt with a conversion option described in § 1.1275-4(a)(4), if the conversion option is reasonably certain to be exercised, the term *Amount* means the fair market value of the instrument. The determination of whether a conversion option is reasonably certain to be exercised is based on all the facts and circumstances, including those described in § 1.1504-4(g) (to the extent relevant). For purposes of the preceding sentence, the safe harbors described in § 1.1504-4(g)(3) do not apply.

(3) *With regard to other Liabilities.* With regard to any Liability that is not Debt, the term *Amount* means the amount of cash that a willing assignor would pay to a willing assignee to Assume the Liability in an arm's-length transaction.

.02 *Assume; Assumption*. With respect to a Liability, the terms *Assume*, *Assumption*, and similar terms have the meaning of “assumed” as set forth in § 357(d).

.03 *Code*. The term *Code* means the Internal Revenue Code of 1986, as amended.

.04 *Contingent Liability*. The term *Contingent Liability* means a Liability (other than a Debt) that includes one or more contingent payments.

.05 *Control Distribution*. The term *Control Distribution* means a distribution of Controlled stock, or of Controlled stock and securities, as a result of which Distributing has distributed an amount of Controlled stock constituting “control” (within the meaning of § 368(c)).

.06 *Control Distribution Date*. The term *Control Distribution Date* means the date of the Control Distribution.

.07 *Controlled*. The term *Controlled* means the controlled corporation described in § 355(a)(1)(A).

.08 *Controlled Debt*. The term *Controlled Debt* means Debt for which Controlled is the Obligor.

.09 *Controlled Related Person*. The term *Controlled Related Person* means a Related Person with regard to Controlled.

.10 *CSAG*. The term *CSAG* means the SAG of which Controlled is the common parent. If no CSAG exists, the term *CSAG* refers to Controlled.

.11 *Debt*. The term *Debt* means a Liability pursuant to an instrument or a contractual arrangement that constitutes debt under general principles of Federal income tax law. See § 1.1275-1(d).

.12 *Delayed Distribution*. The term *Delayed Distribution* means a Distribution that

takes place after the First Distribution Date and is intended to be “part of the Distribution” (within the meaning of § 355(a)(1)(D)) or “in pursuance of the plan of reorganization” (within the meaning of § 361), as applicable.

.13 *Distributing*. The term *Distributing* means the distributing corporation described in § 355(a)(1)(A). As the context requires, a reference to *Distributing* may include a reference to more than one Controlled (for example, in the case of a Split-Up, as defined in section 2.11 of the Appendix to Rev. Proc. 2017-52).

.14 *Distributing Contingent Liability*. The term *Distributing Contingent Liability* means a Contingent Liability for which *Distributing* is the Obligor.

.15 *Distributing Debt*.

(1) *In general*. The term *Distributing Debt* means Debt for which *Distributing* is the Obligor.

(2) *Inclusions*. The term *Distributing Debt* includes a Debt that *Distributing* Assumed as Obligor in a transaction to which § 381(a) does apply only if that Debt was issued prior to the Earliest Applicable Date.

.16 *Distributing Liability*.

(1) *In general*. The term *Distributing Liability* means a Liability for which *Distributing* is the Obligor.

(2) *Inclusions*. The term *Distributing Liability* includes a Liability that *Distributing* Assumed as Obligor in a transaction to which § 381(a) does apply only if that Liability was incurred prior to the Earliest Applicable Date.

.17 *Distributing Related Person*. The term *Distributing Related Person* means a Related Person with respect to *Distributing*.

.18 *Distribution*. The term *Distribution* means a distribution, or one of a series of planned distributions, of Controlled stock, or of Controlled stock and securities, intended to qualify as a Section 355 Transaction.

.19 *Distribution Date*. If all Distributions comprising an intended Section 355 Transaction take place on one date--

(1) The term *Distribution Date* means that date; and

(2) Each of the terms *First Distribution Date*, *Control Distribution Date*, and *Final Distribution Date* refers to the Distribution Date.

.20 *Distribution Period*. The term *Distribution Period* means the period of time that--

(1) Begins immediately before the First Distribution; and

(2) Ends immediately after the Final Distribution.

.21 *Divisive Reorganization*. The term *Divisive Reorganization* means a series of transactions that qualify as a reorganization described in §§ 355(a) and 368(a)(1)(D).

.22 *DSAG*. The term *DSAG* means the SAG of which Distributing is the common parent. If no DSAG exists, the term *DSAG* refers to Distributing.

.23 *Earliest Applicable Date*.

(1) *In general*. The term *Earliest Applicable Date* means the date that is 60 days before the earliest of the following dates--

(a) The date of the first public announcement (as defined in § 1.355-7(h)(10)) of the Divisive Reorganization or a similar transaction;

(b) The date of entry by Distributing into a binding agreement to engage in the Divisive Reorganization or a similar transaction; and

(c) The date of approval of the Divisive Reorganization or a similar transaction by

the board of directors of Distributing.

(2) *Similar transaction.* For purposes of section 2.23(1) of this Appendix, a transaction is a similar transaction if it would have effected a direct or indirect separation of all, or a significant portion of, the same assets as the Divisive Reorganization that is the subject of the taxpayer's ruling request. Cf. § 1.355-7(h)(12) and (13) (describing the terms "similar acquisition (not involving a public offering)" and "similar acquisition involving a public offering," respectively).

.24 *Final Distribution.* The term *Final Distribution* means the last Distribution in a series of planned Distributions.

.25 *Final Distribution Date.* The term *Final Distribution Date* means the date of the Final Distribution.

.26 *First Distribution.* The term *First Distribution* means the earliest Distribution in a series of planned Distributions.

.27 *First Distribution Date.* The term *First Distribution Date* means the date of the First Distribution.

.28 *Intermediary.*

(1) *In general.* The term *Intermediary* means an investment bank or other person that--

(a) Is not a Distributing Related Person or a Controlled Related Person; and

(b) Provides capital or financial services to Distributing or Controlled, directly or indirectly, to facilitate the Section 355 Transaction.

(2) *Inclusion.* The term *Intermediary* includes a Related Person of the Intermediary.

.29 Liability.

(1) *In general.* The term *Liability* means a Debt, a Contingent Liability, or any other fixed or contingent obligation, without regard to whether the obligation otherwise has been taken into account for Federal income tax purposes. For example, a Liability of a person includes a Liability described in Rev. Rul. 80-323, 1980-2 C.B. 124 (in transfer of partnership interest qualifying under § 351(a), transferor's share of partnership Liabilities considered an Assumed Liability for purposes of § 357(c) and as money received for purposes of § 358(d)).

(2) *Certain obligations incurred in ordinary course of business.* An obligation incurred in the ordinary course of business pursuant to a bilateral contract generally is not a Liability. However, such an obligation may be a Liability, in whole or in part, if it is reflected in the financial statement of the obligor as a liability, reserve, or similar item.

.30 Obligor. With respect to a Liability, the term *Obligor* means the person that has agreed, and is expected, as determined on the basis of all facts and circumstances, to satisfy the Liability, taking into account all relevant provisions of the Code (including the principles of § 357(d) (liability treated as Assumed)), Treasury Regulations, and general principles of Federal income tax law, including the substance-over-form doctrine. See, for example, *Plantation Patterns, Inc. v. Comm'r*, 462 F.2d 712 (5th Cir. 1972), *cert. denied*, 409 U.S. 1076 (1972); *Intergraph Corp. v. Comm'r*, 106 T.C. 312, 323 (1996), *aff'd*, 121 F.3d 723 (11th Cir. 1997).

.31 Other Property. The term *Other Property* means Section 361 Consideration other than Qualified Property and money.

.32 Plan of Reorganization. The term *Plan of Reorganization* has the meaning given

the term in § 1.368-2(g), taking into account § 1.368-1(c).

.33 Post-Distribution Payment. The term *Post-Distribution Payment* means a transfer of money or Other Property by Controlled to Distributing that--

(1) Distributing receives from Controlled subsequent to the Control Distribution Date; and

(2) For Federal tax purposes, constitutes Section 361 Consideration and not, for example, a payment for goods or services separate from the Divisive Reorganization.

.34 Proposed Transaction. The term *Proposed Transaction* means the aggregate transaction that consists of all the specific steps--

(1) For which a ruling is requested;

(2) That the IRS determines to be relevant to determine whether to issue a requested ruling described in section 2.34(1) of this Appendix; and

(3) Included in the Plan of Reorganization, the submission of which is required by section 3.05(1)(c) of this revenue procedure.

.35 Qualified Property. The term *Qualified Property* has the meaning provided in §§ 355(c)(2)(B) and 361(c)(2)(B).

.36 Related Person. The term *Related Person*, with regard to a person, means a person that is related to that person within the meaning of § 267(b) or § 707(b)(1).

.37 Retained Controlled Stock; Retained Controlled Stock (or Securities). The terms *Retained Controlled Stock* and *Retained Controlled Stock (or Securities)* mean, as applicable, Controlled stock, Controlled securities, options or similar instruments to acquire Controlled stock or securities, or Controlled stock or securities acquired upon exercise of an option or settlement of any similar instrument, that Distributing does not

intend to distribute or otherwise dispose of--

(1) As “part of the Distribution” (within the meaning of § 355(a)(1)(D)); or

(2) “in pursuance of the plan of reorganization” (within the meaning of § 361).

.38 *Retention*. The term *Retention* means the continued ownership by Distributing of Retained Controlled Stock (or Securities) after the Control Distribution Date.

.39 *SAG*. The term *SAG* means a separate affiliated group (as defined in § 355(b)(3)(B)).

.40 *Section 355 Transaction*. The term *Section 355 Transaction* means either a Section 355(c) Distribution or a Divisive Reorganization.

.41 *Section 355(c) Distribution*. The term *Section 355(c) Distribution* means a Distribution that qualifies under § 355(a) (or so much of § 356 as relates to § 355) and § 355(c).

.42 *Section 361 Consideration*.

(1) *In general*. The term *Section 361 Consideration* means the consideration received by Distributing from Controlled in exchange for property transferred by Distributing to Controlled in a Divisive Reorganization.

(2) *Inclusions*. The term *Section 361 Consideration* includes Controlled stock, Controlled securities, Controlled non-security Debt, money, and Other Property.

(3) *Exclusion*. The term *Section 361 Consideration* does not include an Assumption of a Liability described in § 357(a).

.43 *Treasury Regulations*. The term *Treasury Regulations* means the provisions of 26 CFR chapter 1.