

[4830-01-u]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-105162-97]

RIN 1545-AV16

Special basis rules for transfer of property by a partnership to a corporation

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Partial withdrawal of proposed regulations.

SUMMARY: This document partially withdraws certain proposed regulations relating to special basis adjustments under section 743. The withdrawal is in response to the publication of subsequent proposed regulations (REG-209682-94) addressing the same subject matter.

FOR FURTHER INFORMATION CONTACT: Daniel Carmody at (202) 622-3080 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

On October 28, 1997, the IRS published in the **Federal Register** (62 FR 55768) proposed regulations under section 743 of the Internal Revenue Code (the proposed regulations). Section 1.743-2 of the proposed regulations addresses the effect of the special basis adjustment under section 743 for partnerships that participate in section 351 exchanges. This issue is addressed in the proposed regulations published in the **Federal Register** on January 29, 1998 (63 FR 4408), which contain general guidance on

basis adjustments under section 743. Therefore, this document withdraws §1.743-2 of the proposed regulations published in the **Federal Register** on October 28, 1997 (62 FR 55768).

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Withdrawal of Proposed Amendments to the Regulations

Accordingly, under the authority of 26 U.S.C. 7805, proposed amendments to 26 CFR part 1 relating to §1.743-2 are withdrawn.

Deputy Commissioner of Internal Revenue