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**From:**

**Sent:** Friday September 30, 2011 2:33 PM

**To:**

**Cc:**

**Subject:** RE: Notice of Deficiency

pursuant to your request, this memo is written to confirm our conversation of September 28, 2011, regarding the tax consequences of the complete liquidation of a corporation.

IRC section 331 provides that amounts received by a shareholder in a complete liquidation of a corporation shall be treated as in full payment in exchange for the stock owned by the shareholder.

The gain or loss recognized by the shareholders upon the liquidation of the corporations will be measured by the amount received by the shareholders from the corporations upon the liquidation of the corporations.

Gain upon the liquidation will be measured by the amount received by the shareholders in excess of their basis in the corporations. This is determined based upon the amounts received by the shareholders in liquidation of the corporations.

If you have any further questions regarding this matter please call.