



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D. C. 20224

OFFICE OF THE CHIEF COUNSEL

May 8, 2014

CONEX-117404-14

Number: **2014-0020**
Release Date: 6/27/2014

UIL: 1001.00-00

Dear

I am responding to your letter to Congressman Bill Shuster dated February 20, 2014, in which you expressed concern about the federal income tax consequences of the proposed transfer of its assets to the . He asked us to work directly with on this matter.

Unfortunately, we cannot discuss this matter with you because you have not provided us with a power of attorney or other authorization to represent the or the in federal income tax matters. However, I hope that the following general information about the federal income tax consequences of asset transfers is helpful.

Generally, taxpayers must include in income gains from selling assets or property (section 61(a)(3) of the Internal Revenue Code (Code)). The taxable amount of gain is the excess of the amount the taxpayer realizes from the selling the property over the taxpayer's tax basis in that property. The amount that a taxpayer realizes from selling property is the total of all money, the fair market of value of all property or services, and the relief of certain liabilities that the taxpayer receives for the property.

The Code also contains many provisions allowing a taxpayer to defer recognizing gain from selling property. For example, a taxpayer may defer recognizing gain when the taxpayer transfers property in certain corporate formations or corporate reorganizations. Section 1.1002-1(c) of the Income Tax Regulations lists many of these provisions. In addition, Publication 542, *Corporations*, and Publication 544, *Sales and Other Dispositions of Assets*, have information on the taxation of corporations and on the taxation of asset sales. These publications are available online at www.irs.gov.

Moreover, a taxpayer may request a private letter ruling on the federal income tax consequences of a proposed sale of assets. Revenue Procedure 2014-1, Internal Revenue Bulletin 2014-1, which is also on www.irs.gov, has guidance how to obtain a private letter ruling.

If you have any questions, please contact me or _____, Identification Number _____, at () _____.

Sincerely,

Michael J. Montemurro
Chief, Branch 4,
Office of Associate Chief Counsel
(Income Tax and Accounting)

cc: The Honorable Bill Shuster
Attention:



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The Honorable Bill Shuster
U.S. House of Representatives
Washington, DC 20515

Attention:

Dear Mr. Shuster:

I am responding to your letter of March 12, 2014, on behalf of . He expressed concern about the federal income tax consequences of the proposed transfer of its assets to the . You asked us to work directly with the on this matter.

Unfortunately, we cannot discuss with this matter with because he did not provide us with a power of attorney or other authorization to represent the or the in federal income tax matters. However, I am enclosing the letter we sent him containing general information on the federal income tax consequences of asset transfers.

I hope the information we provided is helpful. If you have any questions, please contact me or , Identification Number , at ()

Sincerely,

Michael J. Montemurro
Chief, Branch 4
Office of Associate Chief Counsel
(Income Tax & Accounting)

Enclosure