Outbound B Reorganization - Domestic Corp Target (Inversion)

Gain may be recognized by DC1 under section 367(a). See Reg. 1.367(a)-3(c) [inversion rules].

If gain is not recognized under section 367(a), then section 367(b) will apply (status of FC3 is relevant). However, no special rules apply (because stock of a domestic corporation is being transferred), and therefore no inclusions would be required under section 367(b).

Section 7874, relating to certain inversion transactions, may apply if DC1 has transferred substantially all of its properties.

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