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Rev. Proc. 2017-38: IRS to issue rulings about distributions of controlled corporation stock

The IRS today released an advance version of Rev. Proc. 2017-38 that revises Rev. Proc. 2017-3 concerning areas on which the IRS will not issue letter rulings or determination letters—the “no-rule” areas because the matters are “under study.” The IRS announced that

“...it has been determined that issuing private letter rulings or determination letters in this area [concerning section 355 or section 361] would be in the interest of sound tax administration.”

[Rev. Proc. 2017-38](#) [PDF 12 KB] states that rulings or determination letters will be issued concerning questions as to whether section 355 or section 361 applies to a distributing corporation’s distribution of stock or securities of a controlled corporation in exchange for, and in retirement of, any putative debt of the distributing corporation if such distributing corporation debt is issued in anticipation of the distribution.

The effective date for Rev. Proc. 2017-38 is May 9, 2017.

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