



TaxNewsFlash

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Proposed regulations: Guidance under section 367(b) relating to certain triangular reorganizations and inbound nonrecognition transactions

The U.S. Treasury Department and IRS today released for publication in the Federal Register proposed regulations (REG-117614-14) providing guidance under section 367(b) relating to certain triangular reorganizations and inbound nonrecognition transactions.

The [proposed regulations](#) [PDF 409 KB] (20 pages) propose the regulations announced and described in Notice 2014-32 and Notice 2016-73, with modifications, and address:

- Treatment of property used to acquire parent stock or securities in connection with certain triangular reorganizations involving one or more foreign corporations
- Consequences to persons that receive parent stock or securities pursuant to such reorganizations
- Treatment of certain subsequent inbound nonrecognition transactions following such reorganizations and certain other transactions

Regarding applicability dates, the proposed regulations provide:

- With respect to those rules described in Notice 2014-32, the proposed regulations generally would be applicable to transactions completed on or after April 25, 2014, subject to limited exceptions.
- With respect to those rules described in Notice 2016-73, the proposed regulations generally would be applicable to transactions completed on or after December 2, 2016.
- To the extent the proposed regulations contain rules not previously announced in Notice 2016-73, the proposed regulations would be applicable to transactions completed on or after the date the proposed regulations are published in the Federal Register, which is scheduled to be October 6, 2023.
- Taxpayers and their related parties (within the meaning of sections 267(b) and 707(b)(1)) may choose to apply the rules of Notice 2014-32 and Notice 2016-73 or the proposed regulations to any

open tax year beginning before the date the proposed regulations are published as final regulations in the Federal Register, provided that taxpayers and their related parties consistently apply either the entirety of Notice 2014-32 and Notice 2016-73 or the entirety of the proposed regulations for such years and each subsequent tax year beginning before the date the proposed regulations are published as final regulations in the Federal Register.

Comments on the proposed regulations and requests for a public hearing are due by December 5, 2023.

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