

111TH CONGRESS
2D SESSION

H. R. 4486

To amend the Internal Revenue Code of 1986 to treat distributions of debt securities in a tax free spin-off transaction in the same manner as distributions of cash or other property.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 21, 2010

Mr. HODES (for himself, Ms. SLAUGHTER, Ms. SHEA-PORTER, Mr. MOLLOHAN, Mr. RAHALL, Mr. TIERNEY, Mr. WELCH, Mr. VAN HOLLEN, Mr. ELLISON, Ms. PINGREE of Maine, Mr. MICHAUD, Ms. SUTTON, Mr. OBERSTAR, Mr. WALZ, Ms. SCHAKOWSKY, Ms. KAPTUR, Mr. MASSA, Mr. PETERSON, Ms. MCCOLLUM, Mr. DEFazio, Mr. KAGEN, and Mr. COSTELLO) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to treat distributions of debt securities in a tax free spin-off transaction in the same manner as distributions of cash or other property.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. TREATMENT OF SECURITIES OF A CON-**
2 **TROLLED CORPORATION EXCHANGED FOR**
3 **ASSETS IN CERTAIN REORGANIZATIONS.**

4 (a) IN GENERAL.—Section 361 of the Internal Rev-
5 enue Code of 1986 (relating to nonrecognition of gain or
6 loss to corporations; treatment of distributions) is amend-
7 ed by adding at the end the following new subsection:

8 “(d) RECEIPT OF SECURITIES, ETC., IN EXCHANGE
9 FOR ASSETS IN CERTAIN REORGANIZATIONS.—If—

10 “(1) property is transferred to a corporation
11 (hereinafter in this subsection referred to as the
12 ‘controlled corporation’) pursuant to a plan of reor-
13 ganization described in section 368(a)(1)(D), and

14 “(2) pursuant to such plan of reorganization,
15 stock or securities in the controlled corporation are
16 distributed in a transaction which qualifies under
17 section 355,

18 then any securities and nonqualified preferred stock (as
19 defined in section 351(g)(2)) of the controlled corporation
20 shall be treated as other property for purposes of sub-
21 sections (a) and (b).”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 subsection (a) shall apply to distributions after December
24 31, 2009.

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