



# Ivins Attorneys Comment on Guidance under Section 355

## PRACTICE AREAS

Tax

Tax Controversies

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Ivins, Phillips & Barker attorneys Bob Wellen and David Sherwood were two of the principal authors of an ABA Tax Section Comment requesting guidance under section 355(d). The purpose of section 355(d) is to prevent spin-offs from setting up tax-free corporate break-ups, but the extremely complex mechanical rules in section 355(d) and the regulations can cause a spin-off to be taxable even if there is no potential for break-up. Also, in some situations it is overly cumbersome to prove that there is no violation of section 355(d). The Comment identifies areas in which the regulations do not adequately address inconsistencies between the purposes of section 355(d) and the mechanical rules and requests new guidance to make section 355(d) more user-friendly without allowing abuse.

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