



Corporation P (P) holds 60 percent of the Corporation T (T) stock that P purchased several years ago in an unrelated transaction. T has 100 shares of stock outstanding. The other 40 percent of the T stock is owned by Corporation X (X), an unrelated corporation. T has properties with a fair market value of \$110 and liabilities of \$10. T transfers all of its properties to P. In exchange, P assumes the \$10 of liabilities, and transfers to T \$30 of P voting stock and \$10 of cash. T distributes the P voting stock and \$10 of cash to X and liquidates. The transaction satisfies the solely for voting stock requirement of paragraph (d)(2)(ii) of this section because the sum of \$10 of cash paid to X and the assumption by P of \$10 of liabilities does not exceed 20% of the value of the properties of T.