## **Cash D Reorganization**



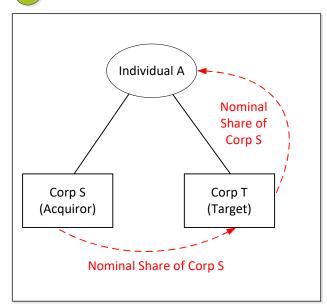
**Initial Structure Asset Sale & Target Liquidation Ending Point** Individual A Individual A Cash of 100 Individual A (b) Cash of 100% 100% Surrender 100 of 100% of 100% T Stock Cash of 100 Corp S Corp T Corp S Corp T Corp S a (Acquiror) (Target) (Acquiror) (Target) (Acquiror) T operating assets

Operating assets worth 100

## <u>Deemed Nominal Share Transfer</u>

**FMV = 100** 

Cash



A owns all the stock of T and S. The T stock has a fair market value of \$100x. T sells all of its assets to S in exchange for \$100x of cash and immediately liquidates. Because there is complete shareholder identity and proportionality of ownership in T and S, under paragraph (I)(2)(i) of this section, the requirements of sections 368(a)(1)(D) and 354(b)(1)(B) are treated as satisfied notwithstanding the fact that no S stock is issued. Pursuant to paragraph (I)(2)(i) of this section, S will be deemed to issue a nominal share of S stock to T in addition to the \$100x of cash actually exchanged for the T assets, and T will be deemed to distribute all such consideration to A. The transaction qualifies as a reorganization described in section 368(a)(1)(D).