



A “B Reorganization” is defined as the acquisition by one corporation, in exchange solely for all or a part of its voting stock (or in exchange solely for all or a part of the voting stock of a corporation which is in control of the acquiring corporation), of stock of another corporation if, immediately after the acquisition, the acquiring corporation has control of such other corporation (whether or not such acquiring corporation had control immediately before the acquisition) § 368(a)(1)(B).

In addition to satisfying the definition of a B reorganization, there must be a business purpose, continuity of proprietary interest, and continuity of business enterprise to qualify for tax-free treatment.

The Code sections that provide non-recognition treatment are as follows:

Acquiror - section 1032

Shareholders - section 354(a)(1)