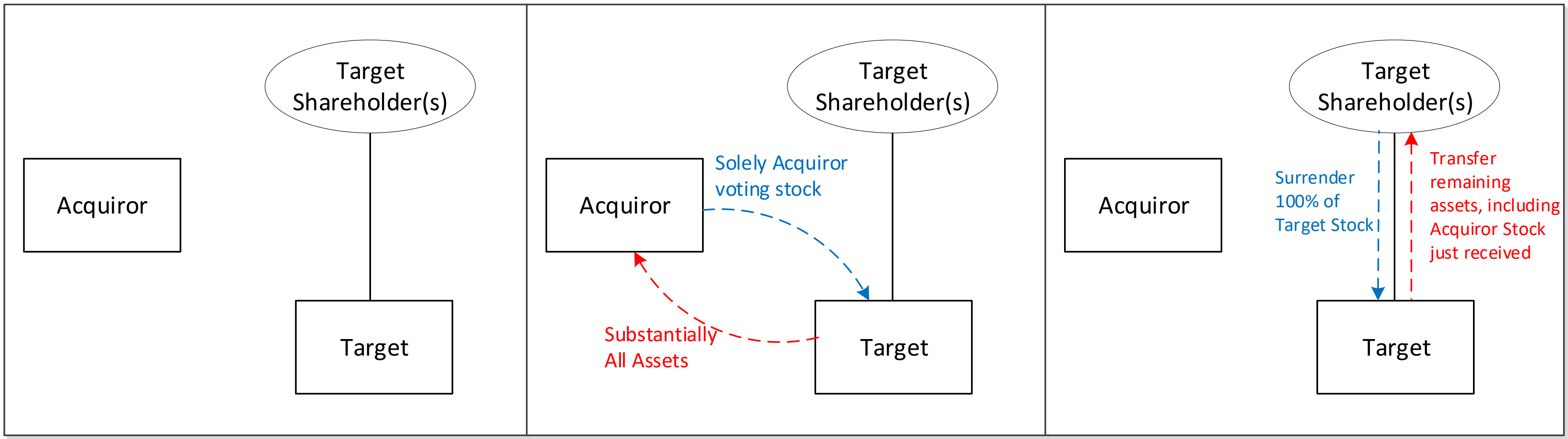
368(a)(1)(C) - Stock for Assets

C Reorganization

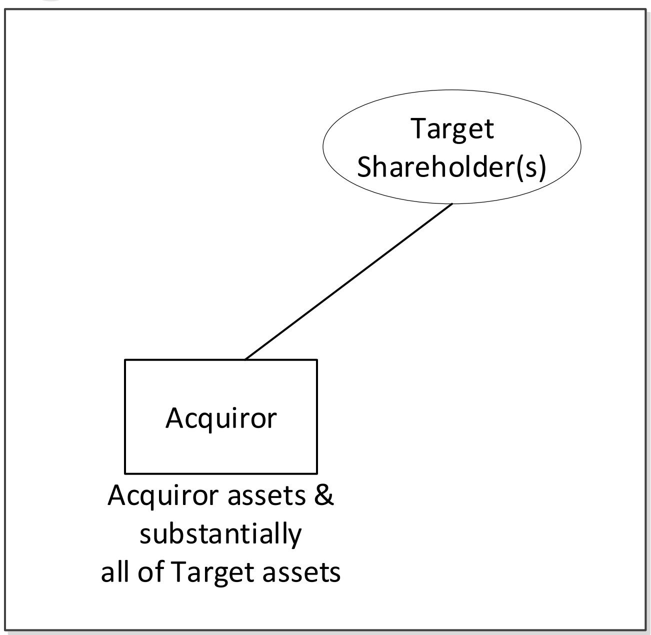
1 Initial Structure

2 Target Asset Transfer

3 Target Liquidation



4 Ending Point



A “C 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 substantially all of the properties of another corporation, but in determining whether the exchange is solely for stock the assumption by the acquiring corporation of a liability of the other shall be disregarded. § 368(a)(1)(C)

In addition to satisfying the definition of a C 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:

Shareholders - section 354(a)(1)
Acquiror - section 1032,
Target - section 361(a) & 361(c)