

this Act, [Aug. 31, 1964], except that, for purposes of sections 302 and 304 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954], such amendments shall not apply with respect to distributions in payment for stock acquisitions or redemptions, if such acquisitions or redemptions occurred before the date of the enactment of this Act.”

#### EFFECTIVE DATE OF 1960 AMENDMENT

Amendment by Pub. L. 86-779 applicable with respect to taxable years of real estate investment trusts beginning after Dec. 31, 1960, see section 10(k) of Pub. L. 86-779, set out as an Effective Date note under section 856 of this title.

## PART II—CORPORATE LIQUIDATIONS

### Subpart

- A. Effects on recipients.
- B. Effects on corporation.
- [C. Repealed.]
- D. Definition and special rule.

#### AMENDMENT OF ANALYSIS

*For termination of amendment by Pub. L. 108-27, see section 303 of Pub. L. 108-27, set out as an Effective and Termination Dates of 2003 Amendment note under section 1 of this title.*

#### AMENDMENTS

2003—Pub. L. 108-27, title III, §§ 302(e)(4)(B)(iii), 303, May 28, 2003, 117 Stat. 764, temporarily struck out item for subpart C “Collapsible corporations”.

1982—Pub. L. 97-248, title II, § 222(e)(8)(B), Sept. 3, 1982, 96 Stat. 481, inserted “and special rule” in item for subpart D.

1976—Pub. L. 94-455, title XIX, § 1901(b)(12)(B), Oct. 4, 1976, 90 Stat. 1795, struck out in table of subparts for part II of subchapter C of chapter 1 in subpart (C) “; foreign personal holding companies” after “corporations”.

### SUBPART A—EFFECTS ON RECIPIENTS

#### Sec.

- 331. Gain or loss to shareholder in corporate liquidations.<sup>1</sup>
- 332. Complete liquidations of subsidiaries.
- [333. Repealed.]
- 334. Basis of property received in liquidations.

#### AMENDMENTS

1986—Pub. L. 99-514, title VI, § 631(e)(16), Oct. 22, 1986, 100 Stat. 2275, struck out item 333 “Election as to recognition of gain in certain liquidations”.

### § 331. Gain or loss to shareholders in corporate liquidations

#### (a) Distributions in complete liquidation treated as exchanges

Amounts received by a shareholder in a distribution in complete liquidation of a corporation shall be treated as in full payment in exchange for the stock.

#### (b) Nonapplication of section 301

Section 301 (relating to effects on shareholder of distributions of property) shall not apply to any distribution of property (other than a distribution referred to in paragraph (2)(B) of section 316(b)) in complete liquidation.

#### (c) Cross reference

**For general rule for determination of the amount of gain or loss recognized, see section 1001.**

<sup>1</sup> So in original. Does not conform to section catchline.

(Aug. 16, 1954, ch. 736, 68A Stat. 101; Pub. L. 88-272, title II, § 225(f)(2), Feb. 26, 1964, 78 Stat. 88; Pub. L. 94-455, title XIX, § 1901(b)(28)(A), Oct. 4, 1976, 90 Stat. 1799; Pub. L. 97-248, title II, § 222(a), (e)(1)(B), Sept. 3, 1982, 96 Stat. 478, 480.)

#### AMENDMENTS

1982—Subsec. (a). Pub. L. 97-248, § 222(a), substituted provisions that amounts received by a shareholder in a distribution in complete liquidation of a corporation shall be treated as in full payment in exchange for the stock for provisions that, in complete liquidations, amounts distributed shall be treated as in full payment in exchange for the stock, while amounts distributed in partial liquidation shall be treated as in part or full payment in exchange for the stock.

Subsec. (b). Pub. L. 97-248, § 222(e)(1)(B), struck out “partial or” before “complete liquidation”.

1976—Subsec. (c). Pub. L. 94-455 substituted “reference” for “references” in heading and struck out cross reference relating to general rule for determination of the amount of gain or loss to the distributee and substituted “section 1001” for “section 1002”.

1964—Subsec. (b). Pub. L. 88-272 inserted “(other than a distribution referred to in paragraph (2)(B) of section 316(b))”.

#### EFFECTIVE DATE OF 1982 AMENDMENT

Amendment by Pub. L. 97-248 applicable to distributions after Aug. 31, 1982, with exceptions for certain partial liquidations, see section 222(f) of Pub. L. 97-248, set out as a note under section 302 of this title.

#### EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-455 effective for taxable years beginning after Dec. 31, 1976, see section 1901(d) of Pub. L. 94-455, set out as a note under section 2 of this title.

#### EFFECTIVE DATE OF 1964 AMENDMENT

Amendment by Pub. L. 88-272 applicable to distribution made in any taxable year of the distributing corporation beginning after Dec. 31, 1963, see section 225(l) of Pub. L. 88-272, set out as a note under section 316 of this title.

#### LIQUIDATIONS BEFORE JANUARY 1, 1966

Section 225(h) of Pub. L. 88-272 provided that in the case of corporations referred to in former subsec. (g)(3) of this section the amendments made by section 225 of Pub. L. 88-272 do not apply if there is a complete liquidation of such corporation and if the distribution of all the property under such liquidation occurs before Jan. 1, 1966, except for certain liquidations to which section 332 of this title applies.

### § 332. Complete liquidations of subsidiaries

#### (a) General rule

No gain or loss shall be recognized on the receipt by a corporation of property distributed in complete liquidation of another corporation.

#### (b) Liquidations to which section applies

For purposes of this section, a distribution shall be considered to be in complete liquidation only if—

(1) the corporation receiving such property was, on the date of the adoption of the plan of liquidation, and has continued to be at all times until the receipt of the property, the owner of stock (in such other corporation) meeting the requirements of section 1504(a)(2); and either

(2) the distribution is by such other corporation in complete cancellation or redemption of