

## Internal Revenue Service, Treasury

## § 1.1374-0

(iii) S also must adjust the earnings and profits of \$20 in an amount equal to the ratable share of the earnings and profits attributable to the redeemed stock. Therefore, S adjusts the earnings and profits by \$10 (50%×\$20), the ratable share of the earnings and profits attributable to the redeemed stock.

[T.D. 8508, 59 FR 22, Jan. 3, 1994; 59 FR 10675, Mar. 7, 1994, as amended by T.D. 8852, 64 FR 71650, Dec. 22, 1999]

### § 1.1368-4 Effective date and transition rule.

Except for §§ 1.1368-1(e)(2), 1.1368-2(a)(5), and 1.1368-3 *Example 2*, *Example 4*, and *Example 5*, §§ 1.1368-1, 1.1368-2, and 1.1368-3 apply to taxable years of the corporation beginning on or after January 1, 1994. Section 1.1368-1(e)(2), § 1.1368-2(a)(5), and § 1.1368-3 *Example 2*, *Example 4*, and *Example 5* apply only to taxable years of the corporation beginning on or after August 18, 1998. For taxable years beginning before January 1, 1994, and taxable years beginning on or after January 1, 1997, and before August 18, 1998, the treatment of distributions by an S corporation to its shareholders must be determined in a reasonable manner, taking into account the statute and legislative history. Except with regard to the deemed dividend rule under § 1.1368-1(f)(3), § 1.1368-1(e)(2), § 1.1368-2(a)(5), and § 1.1368-3 *Example 2*, *Example 4*, and *Example 5*, return positions consistent with §§ 1.1368-1, 1.1368-2, and 1.1368-3 are reasonable for taxable years beginning before January 1, 1994. Return positions consistent with §§ 1.1368-1(e)(2), 1.1368-2(a)(5), and 1.1368-3 *Example 2*, *Example 4*, and *Example 5* are reasonable for taxable years beginning on or after January 1, 1997, and before August 18, 1998.

[T.D. 8852, 64 FR 71651, Dec. 22, 1999]

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This section lists the major paragraph headings for §§ 1.1374-1 through 1.1374-10.

#### § 1.1374-1 General rules and definitions.

- (a) Computation of tax.
- (b) Anti-trafficking rules.
- (c) Section 1374 attributes.
- (d) Recognition period.
- (e) Predecessor corporation.

#### § 1.1374-2 Net recognized built-in gain.

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- (b) Allocation rule.
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- (d) Accounting methods.
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- (a) In general.
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- (a) In general.
- (b) Limitations.
- (c) Examples.

#### § 1.1374-7 Inventory.