

**Notice 2014-52
Sec. 3.02(e)(iii), Ex. 1
Alternate Facts**

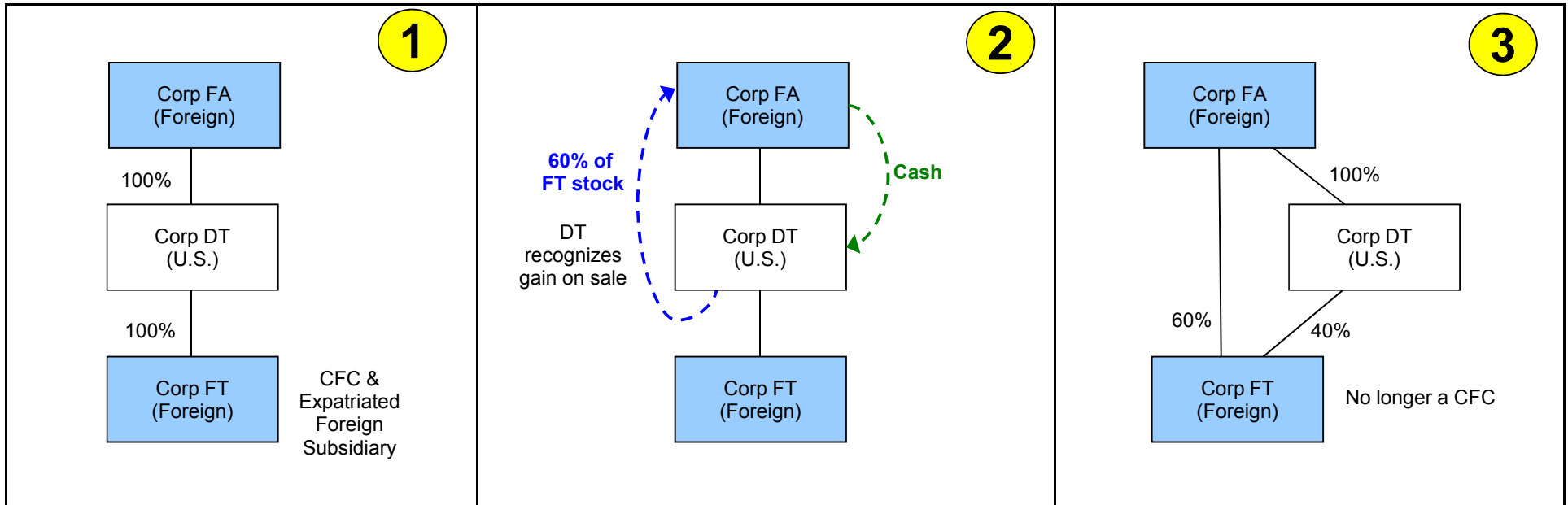
**Post-Inversion CFC Decontrol
Via Taxable Sale**

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Initial Structure

Sale of 60% of Shares

Ending Point



FA, a foreign corporation, wholly owns DT, a domestic corporation, which, in turn, wholly owns FT, a foreign corporation that is a CFC. FA acquired DT in an inversion transaction that was completed on January 1, 2015. Accordingly, DT is a domestic entity, FT is an expatriated foreign subsidiary, and FS is a specified related person with respect to FT. On February 1, 2015, FA acquires 60% of the FT stock held by DT in exchange for \$4x of cash in a fully taxable transaction.

In this case, the specified transaction is not recharacterized under section 3.02(e)(i)(A) of Notice 2014-52 pursuant to the first exception described in section 3.02(e)(i)(C) of Notice 2014-52. This is because DT is required to recognize and include in income all of the gain (including any gain treated as a deemed dividend pursuant to Code §1248(a)) with respect to the FT stock transferred to FA.

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