

## More on ESOP Redemption Deductions

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We recently covered the topic of stock deductions for ESOP redemptions. [See Wood, *Eighth Circuit Has General Mills for Breakfast*, M&A TAX REP., Mar. 2009, at 1.] We noted that the Eighth Circuit's decision in *General Mills Inc.*, CA-8, 2009-1 USTC ¶50,177 (2009), is the most recent development in this area, but it is hardly the only one. As we reported, contrary to the Eighth Circuit, the Ninth Circuit in *Boise Cascade*, CA-9, 2003-1 USTC ¶50,472, 329 F3d 751 (2003), ruled that a corporation

*could* claim a deduction for reacquisition of its stock from employees holding shares in that ESOP.

A district court in New Jersey followed this ruling. [See *Conopco*, DC-NJ, 2007-2 USTC ¶50,582 (2007).] However, that case is on appeal to the Third Circuit Court of Appeals. The IRS has indicated it will continue to litigate this distinction, and will consider each case carefully in the Ninth Circuit, where (for the time being) it is stuck with the *Boise Cascade* decision.