

Tax Notes

Letters to the Editor

FEBRUARY 24, 97

Sheppard's Library Needs Updating

To the Editor:

I am writing concerning Lee Sheppard's article, "Rethinking Assumption of Liabilities in Spin-Offs," Tax Notes, Feb. 10, 1997, p. 709. Despite the many respects in which Ms. Sheppard views section 355 differently than I do, I am writing only with one minor comment. Toward the end of her article (p. 711), Ms. Sheppard states that "[c]ourts are lenient in finding offsetting business purposes." For this proposition, she cites my book, Corporate Taxation: Complete Planning and Practice Guide. However, she cites the now quite outdated 1989 version of that book published by Prentice Hall (I'm not even sure they exist anymore), rather than the second edition of the book published by Warren, Gorham & Lamont (1994).

In any case, under current law, I am loathe to be quoted as saying that the IRS or the courts are lenient in finding a business purpose. Anyway, few people would want to go to court on a business purpose issue since that would necessarily mean that the IRS had disallowed the transaction.

Very truly yours,

Robert W. Wood  
San Francisco  
February 12, 1997

Tax Analysts Information

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