



Tax Reduction Letter

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Internal Revenue Code Section 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.