

Internal Revenue Code Section 336(a)

Gain or loss recognized on property distributed in complete liquidation.



(a) General rule. Except as otherwise provided in this section or section 337, gain or loss shall be recognized to a liquidating corporation on the distribution of property in complete liquidation as if such property were sold to the distributee at its fair market value.

(b) Treatment of liabilities. If any property distributed in the liquidation is subject to a liability or the shareholder assumes a liability of the liquidating corporation in connection with the distribution, for purposes of subsection (a) and section 337, the fair market value of such property shall be treated as not less than the amount of such liability.

(c) Exception for liquidations which are part of a reorganization. For provision providing that this subpart does not apply to distributions in pursuance of a plan of reorganization, see section 361(c)(4).

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