

## Court Invalidates Anti-Inversion Regulation

October 2, 2017 | Client Update

This past Friday, a federal district court set aside the temporary regulations that frustrated certain inversion transactions, including the proposed Pfizer/Allergan merger, which was abandoned in April 2016. The temporary regulations would have treated certain stock as if it were not stock for purposes of computing how much of a merged company a foreign corporation's shareholders were considered to own under the anti-inversion rules. See Treas. Reg. § 1.7874-8T. Not surprisingly, the court ruled that this change was not a mere interpretation of the statute, but a substantive modification that failed to comply with the notice-and-comment procedures under the APA. See *Chamber of Commerce of the United States of America, et. al. v. Internal Revenue Service, et al.*, Cause No. 1:16-CV-944-LY (W.D.Tex. Sept. 29, 2017).

The government has not yet announced whether it plans to appeal.

[Read the Full Order >>](#)

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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