

## Treasury Issues Long-Awaited Anti-Inversion Guidance

September 23, 2014 | Client Update

The Treasury Department and the IRS yesterday released Notice 2014-52 (the “Notice”), which describes regulations that the government intends to issue to target the tax benefits of corporate inversions, including for pending transactions. These rules would generally apply to any inversion transaction in which the shareholders of the U.S. corporation own 60% or more of the stock of the combined company and which does not satisfy the “substantial business activities” exception in Section 7874 if the transaction closes on or after September 22, 2014 (the issue date of the Notice), with no grandfathering provision for signed but not yet completed transactions.

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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