

## Tax Court Rules on Variable Prepaid Forwards and Stock Lendings

July 23, 2010 | Client Update

On July 22, the Tax Court published its decision in the case of *Anschutz Company v. Commissioner*, involving a taxpayer that (indirectly) engaged in various prepaid variable forward contracts (which the court calls “PVFCs”) and associated stock lending agreements (“SLAs”) with respect to portfolio stock (indirectly) owned by him. The court concludes that, for U.S. federal income tax purposes, upon entry into those arrangements, the taxpayer sold the shares that were the subject of the PVFCs and were lent pursuant to the SLAs.

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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