
SELECTED US TAX DEVELOPMENTS

Co-Editors: Sanford H. Goldberg* and Peter A. Glicklich**

UNITED STATES WIDENS ACCESS TO TAX-FREE CROSS-BORDER ACQUISITIONS

*Peter A. Glicklich and Michele J. Alexander***

In the past year, the United States has proposed and finalized rules that will produce more favourable US tax results for certain cross-border transactions. Most recently, final rules were issued that will allow, for the first time, mergers and consolidations involving foreign entities to qualify as reorganizations for US tax purposes.

KEYWORDS: REORGANIZATION ■ CROSS-BORDER ■ AMALGAMATIONS ■ FIRPTA

* Of Roberts & Holland LLP, New York and Washington, DC.

** Of Davies Ward Phillips & Vineberg LLP, resident in their New York office.

1 TD 9242, January 26, 2006. The final merger regulations finalized proposed regulations that were issued January 5, 2005. REG-117969-00, 2005-7 IRB 533 (“the proposed merger regulations”). Also on January 5, 2005, proposed regulations were issued that address several technical issues relating to cross-border mergers, such as basis, holding periods, and section 367 issues. REG-125628-01, 2005-7 IRB 536. These regulations also were finalized on January 23, 2006. TD 9243, January 26, 2006.