

# Hot Tax Planning Tips and Strategies -- Reorganizations

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*This presentation should be viewed only as a summary of the law and not as a substitute for tax or legal consultation in a particular case. Your comments and questions are always welcome.*

# Net Operating Losses

Situation: Parent Corp has pumped cash into its subsidiary but Sub's business failed. Sub is indebted to Parent for more than Sub's assets are worth. Sub has lots of unexpired NOLs.

Issue: How to dispose of Sub?

Intuitive: Merge Sub into Parent.

Not so fast....

# NOLs

How to dispose of an insolvent Sub with NOLs?

- The Sub -> Parent merger is a failed Section 332 liquidation.
  - The NOLs won't survive.
- Better: Merge Parent into Sub and re-name Sub with Parent's name.
  - This is a good Type A reorg.
  - The NOLs will survive.

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and Strategies, check out  
[www.staley.com](http://www.staley.com).

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