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## Treasury and IRS Issue Anti-Inversion Guidance

**Date: 10/14/14**

On September 22, 2014, the Treasury Department (the “Treasury”) and the Internal Revenue Service (the “IRS”) issued Notice 2014-52 (the “Notice”), announcing their intention to issue new regulations regarding inversions. The new regulations, which generally will apply retroactively to transactions occurring on or after September 22, 2014, are intended: (1) to make it more difficult to avoid the principal anti-inversion rule of Section 7874 of the Internal Revenue Code (“Section 7874”), which recharacterizes the non-U.S. acquiror in an inversion as a U.S. corporation if certain conditions are met, and (2) for inversions that continue to avoid the principal anti-inversion rule of Section 7874, to make such inversions less attractive by denying the benefits of certain post-inversion tax planning. The Notice also provides that the Treasury and the IRS are considering additional guidance to address other tax reduction strategies used by non-U.S. corporations with U.S. subsidiaries, such as earnings stripping through intercompany debt (and notes that any such future guidance that is targeted to inversions will apply retroactively to inversions occurring on or after September 22, 2014).

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