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IRS practice unit: Transaction costs in a corporate separation

The IRS Large Business and International (LB&I) division today publicly released a “practice unit”—part of a series of IRS examiner “job aides” and training materials intended to describe for IRS agents leading practices about tax concepts in general and specific types of transactions.

The title of the practice unit is: *Transaction costs in a corporate separation*

This practice unit examines the treatment of transaction costs when a taxpayer engages in a corporate separation, including:

- Costs that facilitate the separation transaction
- Facilitative costs the distributing corporation capitalized when it acquired the controlled corporation’s stock in a tax-free transaction
- Facilitative costs the controlled corporation capitalized when the distributing corporation acquired its stock

Read the practice unit on the [IRS practice unit webpage](#) (posting date of May 10, 2019).

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