

(Aug. 16, 1954, ch. 736, 68A Stat. 80; Pub. L. 88-272, title II, § 235(c)(2), Feb. 26, 1964, 78 Stat. 126; Pub. L. 94-455, title XIX, §§ 1901(a)(38), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1771, 1834; Pub. L. 98-369, div. A, title VII, § 712(k)(8)(A), (B), July 18, 1984, 98 Stat. 952; Pub. L. 113-295, div. A, title II, § 221(a)(45), Dec. 19, 2014, 128 Stat. 4045.)

#### AMENDMENTS

2014—Subsec. (a). Pub. L. 113-295 struck out “or acquired on or after October 8, 1940,” after “persons acquire,” in par. (1) and after “corporation acquires,” in par. (2).

1984—Subsecs. (b), (c). Pub. L. 98-369 added subsec. (b), redesignated former subsec. (b) as (c) and inserted reference to subsec. (b).

1976—Subsecs. (a), (b). Pub. L. 94-455, § 1906(b)(13)(A), struck out “or his delegate” after “Secretary” whenever appearing.

Subsec. (c). Pub. L. 94-455, § 1901(a)(38), struck out subsec. (c) relating to presumptions in the case of disproportionate purchase price.

1964—Subsec. (a). Pub. L. 88-272 substituted “the Secretary or his delegate may disallow such deduction, credit, or other allowance” for “such deduction, credit or other allowance shall not be allowed”.

#### EFFECTIVE DATE OF 2014 AMENDMENT

Amendment by Pub. L. 113-295 effective Dec. 19, 2014, subject to a savings provision, see section 221(b) of Pub. L. 113-295, set out as a note under section 1 of this title.

#### EFFECTIVE DATE OF 1984 AMENDMENT

Pub. L. 98-369, div. A, title VII, § 712(k)(8)(C), July 18, 1984, 98 Stat. 952, provided that: “The amendments made by this paragraph [amending this section] shall apply to liquidations after October 20, 1983, in taxable years ending after such date.”

#### EFFECTIVE DATE OF 1964 AMENDMENT

Pub. L. 88-272, title II, § 235(d), Feb. 26, 1964, 78 Stat. 127, provided that: “The amendments made by subsections (a) and (c) [enacting sections 1561 to 1563 of this title and amending this section and sections 441 and 802 of this title] shall apply with respect to taxable years ending after December 31, 1963. The amendment made by subsection (b) [amending section 1551 of this title] shall apply with respect to transfers made after June 12, 1963.”

### § 269A. Personal service corporations formed or availed of to avoid or evade income tax

#### (a) General rule

If—

(1) substantially all of the services of a personal service corporation are performed for (or on behalf of) 1 other corporation, partnership, or other entity, and

(2) the principal purpose for forming, or availing of, such personal service corporation is the avoidance or evasion of Federal income tax by reducing the income of, or securing the benefit of any expense, deduction, credit, exclusion, or other allowance for, any employee-owner which would not otherwise be available,

then the Secretary may allocate all income, deductions, credits, exclusions, and other allowances between such personal service corporation and its employee-owners, if such allocation is necessary to prevent avoidance or evasion of Federal income tax or clearly to reflect the income of the personal service corporation or any of its employee-owners.

#### (b) Definitions

For purposes of this section—

#### (1) Personal service corporation

The term “personal service corporation” means a corporation the principal activity of which is the performance of personal services and such services are substantially performed by employee-owners.

#### (2) Employee-owner

The term “employee-owner” means any employee who owns, on any day during the taxable year, more than 10 percent of the outstanding stock of the personal service corporation. For purposes of the preceding sentence, section 318 shall apply, except that “5 percent” shall be substituted for “50 percent” in section 318(a)(2)(C).

#### (3) Related persons

All related persons (within the meaning of section 144(a)(3)) shall be treated as 1 entity.

(Added Pub. L. 97-248, title II, § 250(a), Sept. 3, 1982, 96 Stat. 528; amended Pub. L. 99-514, title XIII, § 1301(j)(4), Oct. 22, 1986, 100 Stat. 2657.)

#### AMENDMENTS

1986—Subsec. (b)(3). Pub. L. 99-514 substituted “section 144(a)(3)” for “section 103(b)(6)(C)”.

#### EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable to bonds issued after Aug. 15, 1986, except as otherwise provided, see sections 1311 to 1318 of Pub. L. 99-514, set out as an Effective Date; Transitional Rules note under section 141 of this title.

#### EFFECTIVE DATE

Pub. L. 97-248, title II, § 250(c), Sept. 3, 1982, 96 Stat. 529, provided that: “The amendments made by this section [enacting this section] shall apply to taxable years beginning after December 31, 1982.”

### § 269B. Stapled entities

#### (a) General rule

Except as otherwise provided by regulations, for purposes of this title—

(1) if a domestic corporation and a foreign corporation are stapled entities, the foreign corporation shall be treated as a domestic corporation.

(2) in applying section 1563, stock in a second corporation which constitutes a stapled interest with respect to stock of a first corporation shall be treated as owned by such first corporation, and

(3) in applying subchapter M for purposes of determining whether any stapled entity is a regulated investment company or a real estate investment trust, all entities which are stapled entities with respect to each other shall be treated as 1 entity.

#### (b) Secretary to prescribe regulations

The Secretary shall prescribe such regulations as may be necessary to prevent avoidance or evasion of Federal income tax through the use of stapled entities. Such regulations may include (but shall not be limited to) regulations providing the extent to which 1 of such entities shall be treated as owning the other entity (to the extent of the stapled interest) and regulations providing that any tax imposed on the foreign corporation referred to in subsection (a)(1)