



# New York State Bar Association

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Lady and Gentlemen:

On behalf of the New York State Bar Association, I enclose our report commenting on the Proposed Regulations under section 1.355-7 of the Treasury Regulations, released on December 29, 2000.

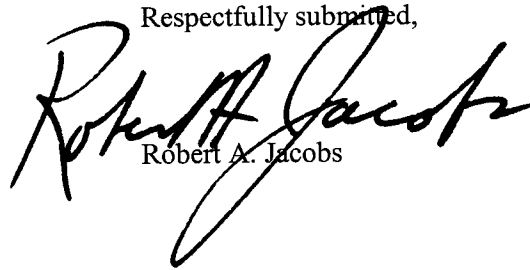
We believe the Proposed Regulations provide much improved guidance in dealing with issues arising under section 355(e) of the Internal Revenue Code of 1986, specifically the determination of what constitutes a "plan (or series of related transactions)." We wholeheartedly commend the Service and the Treasury for their efforts in this area and endorse the basic approach of the Proposed Regulations.

There remain a number of policy issues that we believe should be addressed or clarified, and certain technical revisions are required as well. Several of our comments relate to providing further guidance under Safe Harbor I, which, once implemented, we believe will be of great importance in practice. We also recommend creating additional safe harbors and broadening or narrowing certain existing safe harbors to conform the Proposed Regulations more closely with Congressional intent and to provide internal consistency. We believe these amendments, combined with our recommended technical revisions, would satisfy the policy goals of the statute while providing workable guidance for taxpayers, practitioners and the government. We also recommend taxpayers be entitled to apply these Proposed Regulations to transactions consummated prior to their final adoption.

In addition, we urge the Treasury Department to publish interim guidance upon which taxpayers may rely in the event the proposed regulations are not expected to be finalized shortly.

We are, of course, available to discuss your proposed regulations or our report with you in greater detail at your convenience and look forward to a dialogue that would improve guidance for transactions to which Code section 355(e) applies.

Respectfully submitted,



Robert A. Jacobs

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