

transfer of these obligations will be recognized to P under section 453(d)(1).

[T.D. 6500, 25 FR 11718, Nov. 26, 1960, as amended by T.D. 6590, 27 FR 1319, Feb. 13, 1962; T.D. 7084, 36 FR 267, Jan. 8, 1971; T.D. 7418, 41 FR 18812, May 7, 1976; T.D. 8586, 60 FR 2500, Jan. 10, 1995]

#### § 1.453-10 Effective date.

(a) Except as provided in this section, the provisions of section 453 and §§ 1.453-1 through 1.453-9 shall apply to taxable years beginning after December 31, 1953, and ending after August 16, 1954.

(b) The provisions of paragraphs (a) (2) and (3), (b), and (c) of § 1.453-8 shall apply to taxable years ending after December 17, 1958.

(c) Under the provisions of sections 453(b) and 7851(a)(1)(C), section 453(b)(1) and the regulations with respect thereto shall also apply—

(1) To a sale or other disposition during a taxable year beginning before January 1, 1954, only if the income was returnable (by reason of section 44(b) of the Internal Revenue Code of 1939) on the basis and in the manner prescribed in section 44(a) of such code.

(2) To a sale or other disposition during a taxable year beginning after December 31, 1953, and ending before August 17, 1954, though such taxable year is subject to the provisions of the Internal Revenue Code of 1939.

(d) Under the provisions of sections 453(c)(1)(B) and 7851(a)(1)(C) section 453(c) and the regulations with respect thereto shall also apply to taxable years beginning after December 31, 1953, and ending before August 17, 1954, though such taxable years are subject to the provisions of the Internal Revenue Code of 1939.

(e) The provisions of paragraph (b)(3) of § 1.453-6 shall apply to reposessions occurring after December 18, 1958.

(f) The provisions of section 453(d)(5) and paragraph (g) of § 1.453-9 shall apply to taxable years ending after December 31, 1957, but only as to transfers or other dispositions of installment obligations occurring after such date.

[T.D. 6500, 25 FR 11718, Nov. 26, 1960, as amended by T.D. 6590, 27 FR 1320, Feb. 13, 1962; T.D. 6682, 28 FR 11177, Oct. 18, 1963]

#### § 1.453-11 Installment obligations received from a liquidating corporation.

(a) *In general*—(1) *Overview*. Except as provided in section 453(h)(1)(C) (relating to installment sales of depreciable property to certain closely related persons), a qualifying shareholder (as defined in paragraph (b) of this section) who receives a qualifying installment obligation (as defined in paragraph (c) of this section) in a liquidation that satisfies section 453(h)(1)(A) treats the receipt of payments in respect of the obligation, rather than the receipt of the obligation itself, as a receipt of payment for the shareholder's stock. The shareholder reports the payments received on the installment method unless the shareholder elects otherwise in accordance with § 15a.453-1(d) of this chapter.

(2) *Coordination with other provisions*—(i) *Deemed sale of stock for installment obligation*. Except as specifically provided in section 453(h)(1)(C), a qualifying shareholder treats a qualifying installment obligation, for all purposes of the Internal Revenue Code, as if the obligation is received by the shareholder from the person issuing the obligation in exchange for the shareholder's stock in the liquidating corporation. For example, if the stock of a corporation that is liquidating is traded on an established securities market, an installment obligation distributed to a shareholder of the corporation in exchange for the shareholder's stock does not qualify for installment reporting pursuant to section 453(k)(2).

(ii) *Special rules to account for the qualifying installment obligation*—(A) *Issue price*. A qualifying installment obligation is treated by a qualifying shareholder as newly issued on the date of the distribution. The issue price of the qualifying installment obligation on that date is equal to the sum of the adjusted issue price of the obligation on the date of the distribution (as determined under § 1.1275-1(b)) and the amount of any qualified stated interest (as defined in § 1.1273-1(c)) that has accrued prior to the distribution but that is not payable until after the distribution. For purposes of the preceding sentence, if the qualifying installment obligation is subject to § 1.446-2 (e.g., a