



IRC Section 382 and its implications in the banking industry



What you need to know

Internal Revenue Code (IRC) Section 382 is a key provision of the tax code that can have significant implications for banks undergoing mergers and acquisitions. This section deals with limitations on the use of tax attributes after an ownership change, which can impact tax liability for banks.

The valuation of certain relevant items is a key factor in applying IRC Section 382 to determine what potential limitations there could be on the use of tax attributes. Another important consideration is the definition of an ownership change, which can include shifts in stock ownership percentages as a result of market conditions.

The importance of awareness and monitoring of these issues in bank tax departments cannot be overstated. By staying informed and ahead of the curve on issues like IRC Section 382, banks can better navigate the complex landscape of potential ownership changes, potential limitations, and resulting tax impacts and position themselves for success.

If you're interested in learning more about this topic, then be sure to listen to our podcast or contact us directly.