

Internal Revenue Service (I.R.S.)

Revenue Procedure

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SECTION 1. PURPOSE...

SEC. 2. BACKGROUND...

SEC. 3. OPERATING RULES FOR ISSUING RULING LETTERS...

.07 When a person transfers property to a corporation in exchange for stock or securities of such corporation and the primary purpose of the transfer is to qualify under section 351 of the Code the exchanges of property by other persons transferring property, the property transferred will not be considered to be of relatively small value, within the meaning of section 1.351- 1(a)(1)(ii) of the regulations, if the fair market value of the property transferred is equal to, or in excess of, 10 percent of the fair market value of the stock and securities already owned (or to be received for services) by such person.