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Book Review of Corporations and Corporate Distributions

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CORPORATIONS AND CORPORATE DISTRIBUTIONS

By ROBERT J. McDONALD. Practising Law Institute. 20 Vesey St., New York 7, N. Y. (1962), viii, 176 pp. \$5.00.

This small paperback, published last July, is the last in a series on the Fundamentals of Federal Taxation, undertaken by the Practising Law Institute. The series comprises ten such books, dealing not only with various aspects of Federal income taxation but with estate and gift taxation as well, there being one volume devoted to each of these last two topics. A subscription to the entire set is twenty dollars.

In *Corporations and Corporate Distributions*, Mr. McDonald has made up a primer on Subchapter C of Chapter 1 of the Internal Revenue Code. Obviously from the size of the book, the material covers only the basic fundamentals of this area (as is indicated by the title of the series), with a few *caveats* concerning certain refinements and technical trouble spots that are likely to crop up when dealing with the intricacies of corporate stock transactions. Although these embellishments do not go into detail, the author's ample annotations point the way for the reader who wishes to make a more detailed inquiry into areas of special interest.

The book is nicely organized, with a paragraph numbering system which facilitates ready reference. Collapsible corporations and Subchapter S problems take up considerable space (twenty-eight and thirty-seven pages, respectively) and there are a few pages devoted to the penalty-tax area, namely the Section 531 accumulated earnings tax and the personal holding company tax provisions of Section 541. References to the Internal Revenue Code are abundant, both in the excellently organized table of contents and in the text itself. The appendix consists of a two-page outline of Section 1244 of the Code, dealing with "Ordinary Losses on Corporate Stock" and a *pro-forma* Board of Directors' resolution for a new stock offering.

No attempt has been made by Mr. McDonald to cover the foreign corporations area, which, in the light of the Revenue

Act of 1962, enacted subsequent to the publication of his book, the author was well advised to omit, for much of what might have been included would now be obsolete.

Mr. McDonald's style is lucid, and the many examples he uses are easily comprehended. For the corporate director or the attorney who is faced with a tax problem covering corporate distributions or perhaps a corporate reorganization, this book can be helpful in introducing him to the general area and leading him to more exhaustive materials.

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