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Department of the Treasury

Washington, DC 20224

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Date:

September 06, 2022

Legend

Distributing =

Sub 1 =

Sub 2 =

New Sub 2 =

Sub 3 =

FCo 1 =

FCo 2 =

AmalCo =

Business A =

Business B =

Country A =

Sub 2 IPO =

Transaction =

Exchange A =

Exchange B =

Business Objectives =

Date 1 =

Date 2 =

Date 3 =

a =

b =

c =

d =

e =

f =

g =

Dear :

This letter responds to the June 1, 2022 letter, submitted on behalf of Distributing by its authorized representatives, requesting a ruling on a significant federal income tax issue arising from a series of proposed transactions described below. The information submitted in that request and in subsequent correspondence is summarized below.

This letter is issued pursuant to section 4.03 of Rev. Proc. 2022-10, 2022-6 I.R.B. 473 and section 6.03(2)(b) of Rev. Proc. 2022-1, 2022-1 I.R.B. 1, regarding one or more significant issues under section 355 of the Internal Revenue Code ("Code"). The ruling contained in this letter only addresses one or more significant issues involved in the transactions described below. This office expresses no opinion as to the overall tax consequences of such transactions or regarding any issue not specifically addressed by the ruling below.

The ruling contained in this letter is based on facts and representations submitted by the taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. This office has not verified any of the materials submitted in support of the request for a ruling. However, such materials are subject to verification on examination.

Summary of Facts

Distributing is a publicly traded Country A corporation and the common parent of a worldwide group of affiliated entities (the "Distributing Group"), which, as of Date 1, included its wholly owned subsidiaries Sub 1 and Sub 2, each a Country A corporation. Distributing has a single class of voting common stock issued and outstanding, which is widely held and traded on Exchange A and Exchange B. The Distributing Group has been actively engaged in Business A and Business B. Sub 2 conducts Business A, while Distributing, through its other affiliates, conducts Business B. For what have been represented to be valid business reasons, Distributing wishes to separate Business A from Business B.

Distributing also desired to monetize a percent or less of its Sub 2 common stock through the Sub 2 IPO in order to raise proceeds to repay its debt. For purposes of effectuating the Sub 2 IPO and the Proposed Transaction, Distributing had formed Sub

1. Prior to the Sub 2 IPO and the Proposed Transaction, Sub 1 had no assets, liabilities, tax attributes, or business activities. In the Sub 2 IPO, Sub 1 served solely as an intermediary between Distributing and third-party banks. After the Sub 2 IPO, Sub 1 engaged and was intended to engage solely in activities related to the Proposed Transaction.

On Date 2, Distributing, through Sub 1, completed an IPO of b percent of the stock of Sub 2. Immediately after the Sub 2 IPO, Distributing owned all of the stock of Sub 1 and c percent of the outstanding stock of Sub 2. Public shareholders of Sub 2 owned the remaining b percent of its outstanding stock.

On Date 3, Distributing transferred c percent of the common stock of Sub 2 to Sub 1 for additional shares of Sub 1 stock ("Sub 1 Contribution"). On Date 3, immediately after the Sub 1 Contribution, Sub 1 contributed d percent of the shares of Sub 2 to its wholly owned subsidiary, Sub 3, a newly formed Country A corporation ("Sub 3 Contribution"). Following the Sub 3 Contribution, Sub 1 will continue to own directly, and through Sub 3, c percent of the stock of Sub 2 for a period of time during which the Proposed Transaction is subject to shareholder and court approvals under Country A law. Sub 3's formation and the Sub 3 Contribution were undertaken for purposes of satisfying the Business Objectives. In furtherance of the Business Objectives, it is expected that Sub 3 will engage in the Transaction, but at the time of Sub 3's liquidation, described below, Sub 3 will not have any material assets or liabilities other than its shares of Sub 2 stock.

Before the Proposed Transaction, it is expected that Sub 3 will liquidate and distribute all its assets and liabilities, including its Sub 2 stock, to Sub 1 so that Sub 1 will directly own c percent of Sub 2. To further Distributing's deleveraging objectives, it is expected that Sub 1 will attempt to sell some Sub 2 stock. To the extent that Sub 1 does not sell enough Sub 2 stock such that Sub 1 will own more than the minimum e percent of Sub 2 stock to satisfy the control requirement of section 368(c), prior to the Proposed Transaction, Sub 1 will transfer all or a portion of the excess Sub 2 stock it holds over its e percent ownership to Distributing, i.e., Sub 1 will transfer up to f percent of its Sub 2 stock to Distributing.

Prior to the Proposed Transaction, in order to further its strategic objective of raising cash to deleverage and strengthen its balance sheet, Distributing also intends to make an effort to sell some or all of the f percent of the Sub 2 common stock received from Sub 1. By the time the Proposed Transaction is completed, if Distributing has been unable to sell all such Sub 2 shares due to market conditions or otherwise, Distributing will need to retain up to f percent of the outstanding common stock of Sub 2 (or its successor). Distributing would then continue its efforts to sell such stock in a prudent manner and in accordance with the representations set forth below.

Proposed Transaction

In order to separate Business A from Business B, Distributing, Sub 2 and other Distributing affiliates have entered into certain agreements, pursuant to which, Distributing, subject to the satisfaction of certain conditions, has the right to complete the Proposed Transaction. The Proposed Transaction consists of Phase 1 and Phase 2, both of which encompass a series of sequential steps occurring on the same day, substantially simultaneously, but in a specified order, as follows:

Phase 1

- (i) Distributing will repurchase any of its common shares held by dissenting shareholders. Sub 2 will repurchase any of its common shares held by dissenting shareholders.
- (ii) Distributing will amend its articles of incorporation to create two new classes of common shares: Distributing New Common Shares and Distributing Special Shares.
- (iii) Each Distributing common share will be exchanged for one Distributing New Common Share and a specified number of Distributing Special Shares.
- (iv) Each Distributing Special Share will be transferred to FCo 1, a Country A corporation, in exchange for a specified number of FCo 1 common shares. Prior to the completion of the Proposed Transaction, FCo 1 does not have any shares outstanding, will not have any assets or liabilities, and will not engage in any business activity other than in connection with the Proposed Transaction.
- (v) Distributing will transfer all of its Sub 1 stock to FCo 2, a Country A corporation wholly owned by FCo 1, in exchange for an equal number of FCo 2 common shares. Prior to the completion of the Proposed Transaction, FCo 2 will not have any assets or liabilities, and will not engage in any business activity other than in connection with the Proposed Transaction.
- (vi) Distributing will purchase for cancellation the Distributing Special Shares held by FCo 1 by issuing to FCo 1 a promissory note having a principal amount and fair market value equal to the aggregate fair market value of the Distributing Special Shares repurchased (the "Distributing Repurchase Note").
- (vii) FCo 2 will purchase for cancellation the FCo 2 common shares held by Distributing by issuing to Distributing a promissory note having a principal amount and fair market value equal to the aggregate fair market value of the FCo 2 common shares repurchased (the "FCo 2 Repurchase Note").
- (viii) FCo 2 will liquidate under Country A law and distribute all of its assets, rights, and properties to FCo 1, including its interest in Sub 1 and its liabilities under the FCo 2 Repurchase Note.
- (ix) The Distributing Repurchase Note will be set off against the FCo 2 Repurchase Note.

After Phase 1, the non-dissenting holders of Distributing common stock, in addition to continuing to own their shares of Distributing common stock, will own all of the outstanding shares of common stock of FCo 1. FCo 1 will own all of the stock of Sub 1. Sub 1 will continue to own at least e percent of the outstanding common stock of Sub 2. Distributing may continue to own f percent or less of the outstanding Sub 2 common stock and public stockholders will continue to own b percent of the outstanding Sub 2 common stock.

Phase 2

- (x) Immediately after the completion of Phase 1, FCo 1 and Sub 1 will amalgamate ("First Amalgamation") under Country A law, pursuant to which FCo 1 and Sub 1 will cease to exist as separate legal entities under Country A law, and AmalCo, a new Country A federal corporation, will result. The FCo 1 common stock held by Distributing shareholders will be converted into all of the common stock of AmalCo, and AmalCo will own at least e percent of Sub 2 stock.
- (xi) Immediately after the First Amalgamation, AmalCo and Sub 2 will amalgamate ("Second Amalgamation") under Country A law to form New Sub 2, a new Country A federal corporation. The stock of AmalCo held by Distributing stockholders will be converted into a number of shares of common stock of New Sub 2 equal to the number of shares of Sub 2 common stock held by AmalCo immediately before the completion of the Second Amalgamation, i.e., at least e percent of the New Sub 2 stock. The shares of Sub 2 stock held by Distributing and the Sub 2 public shareholders will be converted into a number of shares of New Sub 2 stock equal to the number of shares of Sub 2 common stock owned by them immediately before completion of the Second Amalgamation.

After Phase 2 and the completion of the Proposed Transaction, Distributing may retain up to f percent of New Sub 2 common stock ("Retained Shares"). Distributing will not retain any options on the New Sub 2 common stock. Distributing stockholders will own at least e percent of the outstanding New Sub 2 common stock, constituting control within the meaning of section 368(c). Public stockholders will continue to own at least b percent of the outstanding common stock of New Sub 2.

Following the Proposed Transaction, in order to satisfy Country A law and to accommodate the business needs of New Sub 2, it is expected that two individuals ("Overlapping Directors") will serve as both directors of Distributing and directors of New Sub 2. The Overlapping Directors will constitute a minority (or g percent) of New Sub 2's board of directors. Following the Proposed Transaction, under New Sub 2's governing documents, the Overlapping Directors will be subject to an election to the board of New Sub 2 by the New Sub 2 stockholders, in a manner consistent with the election of New Sub 2's other directors.

Representations

Distributing has made the following representations:

- (a) The Proposed Transaction will include a distribution under section 355 of the Code.
- (b) Each Amalgamation will qualify, separately or together with the other Amalgamation, as a transaction described in section 381(a) of the Code.
- (c) A sufficient business purpose exists for the retention of the Retained Shares.
- (d) Other than the Overlapping Directors, none of Distributing's directors or officers will serve as directors or officers of New Sub 2 as long as Distributing retains the Retained Shares.
- (e) The Retained Shares will be disposed of as soon as a disposition is warranted consistent with the Retained Shares business purpose, but, in any event, not later than five years after the Proposed Transaction.
- (f) Distributing will vote the Retained Shares in proportion to the votes cast by New Sub 2's other shareholders.

Ruling

Based solely on the information submitted and the representations set forth above, we rule as follows:

The retention by Distributing of the Retained Shares will not be in pursuance of a plan having as one of its principal purposes the avoidance of U.S. federal income tax within the meaning of section 355(a)(1)(D)(ii) and Treas. Reg. §1.355-2(e).

Caveat

Except as expressly provided in this letter, no opinion is expressed or implied concerning the tax treatment of the Proposed Transaction under any provisions of the Code and regulations, or the tax treatment of any conditions existing at the time of, or effects resulting from, the Proposed Transaction that are not specifically addressed by the above ruling.

Procedural Statements

This letter ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their returns that provides the date and control number of this letter ruling.

Pursuant to the Power of Attorney on file with this office, copies of this letter are being sent to your authorized representatives.

Sincerely,

Petya V. Kirilova

Petya V. Kirilova

Assistant to the Branch Chief, Branch 5

Office of the Associate Chief Counsel (Corporate)

cc: