

Internal Revenue Service

Department of the Treasury

Number: **200051031**
Release Date: 12/22/2000
Index Number: 1504.00-00

Washington, DC 20224

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Refer Reply To:

CC:CORP:03 PLR-111222-00

Date:

September 22, 2000

Parent =

Sub 1 =

Sub 2 =

Sub 3 =

NPsub2 =

NPsub1 =

New Parent =

a =

Date A =

Date B =

Date C =

This letter responds to a letter dated June 2, 2000, requesting a ruling pursuant to § 1504(a)(3)(B) of the Internal Revenue Code that the Secretary waive the general rule set forth in § 1504(a)(3)(A). Additional information was received in letters dated August 15, 2000, and August 30, 2000.

The information submitted indicates that on Date A, Parent was the common parent of an affiliated group of corporations (the "Old Parent Group") that filed a consolidated return. The Old Parent Group consisted of Sub 1, Sub 2, Sub 3 (the "Historic Subsidiaries"), and Parent.

On Date A, New Parent was the common parent of an affiliated group of

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corporations (the "New Parent Group") that filed a consolidated return. The New Parent Group included NPSub1, a wholly owned subsidiary of New Parent, and NPSub2, a wholly owned subsidiary of NPSub1. On Date A, NPSub2 acquired a% (which is more than 80%) of Parent's outstanding common stock in a taxable transaction. As a result, Parent and the Historic Subsidiaries became affiliated members of the New Parent Group (within the meaning of § 1504(a)). The Old Parent Group was thereby terminated. The Old Parent Group filed a final consolidated return for the period beginning on the first day of its taxable year and ending on Date A. Beginning the day after Date A, Parent and the Historic Subsidiaries joined with New Parent and its subsidiaries in the filing of the New Parent Group's consolidated return. During this period, several additional corporations became affiliated subsidiaries of Parent (the "New Subsidiaries").

As a result of certain transactions that took place on Date B (the last day of the New Parent Group's taxable year), Parent became disaffiliated from NPSub2 and the New Parent Group. Parent has represented (and submitted substantial information demonstrating) that such transactions have been undertaken for valid business reasons.

Section 1504(a)(3)(A) provides that if a corporation is included in a consolidated return filed by an affiliated group of corporations and such corporation ceases to be a member of such group, such corporation (and any successor of such corporation) may not be included in any consolidated return filed by the affiliated group (or by any other affiliated group with the same common parent or a successor of such common parent) before the 61st month beginning after its first taxable year in which it ceased to be a member of such affiliated group.

Parent wishes to file a consolidated return with its subsidiaries, including the Historic Subsidiaries, for the taxable year beginning Date C (which is the day after Date B and within 5 years of Date A) and for subsequent taxable years. Because Parent and the Historic Subsidiaries are outside the scope of Rev. Proc. 91-71, 1991-2 C.B. 900, which grants an automatic waiver of § 1504(a)(3)(A) in certain circumstances, Parent and the Historic Subsidiaries are seeking a waiver under § 1504(a)(3)(B).

In connection with its ruling request, Parent has represented that the disaffiliation (on Date A) and reconsolidation (on Date C) of the Old Parent Group (with the New Subsidiaries) will not provide a benefit of a reduction in income, increase in loss, or any other deduction, credit, or allowance that would not otherwise be secured or have been secured had the disaffiliation and reconsolidation not occurred, including, but not limited to, the use of a net operating loss or credit that would have otherwise expired. In making this representation, the net tax consequences to all parties have been considered.

Based solely on the facts and information submitted and the representation set forth above, the five-year waiting period for reconsolidating prescribed in §

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1504(a)(3)(A) is waived with respect to Parent and the Historic Subsidiaries. Provided that Parent, the Historic Subsidiaries, and the New Subsidiaries constitute an affiliated group of corporations within the meaning of § 1504(a), those corporations may file a consolidated return for the taxable year beginning Date C (subject to any other applicable limitations on the ability to file consolidated returns not discussed above).

No opinion is expressed about the tax treatment of the transactions described in this letter under any other provisions of the Code and regulations not specifically covered by the above ruling. We specifically express no opinion as to whether or not Parent, the Historic Subsidiaries, and the New Subsidiaries constitute an affiliated group, and whether or not the Old Parent Group became disaffiliated from the NPsub2 Group on Date B.

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

Pursuant to a power of attorney on file with this office, a copy of this letter is being sent to your authorized representative.

A copy of this letter should be attached to the applicable federal income tax return of the taxpayer.

Sincerely,
Assistant Chief Counsel (Corporate)
By: Michael J. Wilder
Assistant to the Branch Chief, Branch 3