

**Internal Revenue Service**

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Department of the Treasury

Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:

**CC:DOM:CORP:5**    **PLR-120259-98**

Date:

**March 3, 1999**

Re:

Parent            =

Sub                =

Date 1            =

Date 2            =

Dear

We respond to your letter dated October 28, 1998, requesting supplemental rulings regarding the effect of a change of facts in a transaction on which we issued a private letter ruling dated January 7, 1997 (PLR-248798-96) (Prior Letter Ruling).

In the Prior Letter Ruling, we held that the distributions by Sub of all of its assets to Parent and the assumption of Sub's liabilities by Parent qualify as a complete liquidation of Sub pursuant to § 332 of the Internal Revenue Code. We also held that Sub's retention of its charter, state insurance licenses, and sufficient assets to meet the state law minimum capital and surplus requirements (the Retained Assets) will not preclude the liquidation from qualifying under § 332. The rulings in the Prior Letter

Ruling were conditioned on the dissolution of Sub or the sale of Sub stock within 12 months from Date 2, the date of the final liquidating distribution.

Subsequent to receiving the Prior Letter Ruling, Sub distributed all of its assets to Parent (other than the Retained Assets) and had all of its liabilities assumed by Parent, in two distributions, which occurred on Date 1 and Date 2. Parent has substantiated that it has used reasonable efforts to sell the Sub stock but has not been able to do so.

The taxpayer has made these additional representations in connection with this supplemental ruling request:

- (a) As soon as possible, but in any event within no more than 18 months from the date of the final liquidating distribution on Date 2, Sub will be dissolved under state law or sold to an unrelated purchaser.
- (b) For each of the taxable years of 1997, 1998, and 1999, Parent will file a waiver of the statute of limitations pursuant to § 1.332-4(a)(2) of the Income Tax Regulations and post bond if required by the District Director pursuant to § 1.332-4(a)(3) of the regulations. Additionally, for each of said tax years, Sub will file a waiver substantially similar to that required for Parent by § 1.332-4(a)(2) and will post bond if required by the District Director. The waiver shall extend the period of assessment of such taxes for the last taxable year in which the transfer of the property of Sub to Parent may be completed in accordance with § 332 and this supplemental ruling letter.

Based solely on the facts submitted and the representations made, we hold that, provided Parent sells the stock of Sub within 18 months from the final liquidating distribution on Date 2, the Prior Ruling Letter will remain in full force and effect. If the stock of Sub cannot be sold within this time period, then Sub will be dissolved. No further extensions of time will be granted.

No opinion is expressed about the tax treatment of the transactions under other provisions of the Code and regulations or about the tax treatment of any condition existing at the time of, or effects resulting from, the transaction that are not specifically covered by the above rulings.

The rulings contained in this letter are predicated upon 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 material submitted in support of this request for rulings. Verification of the factual information, representations, and other data may be required as part of the audit process.

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

A copy of this letter should be attached to the federal income tax returns of the taxpayers involved for the taxable year in which the transaction covered by this ruling is consummated.

Pursuant to the power of attorney on file in this office, we will send a copy of this letter to your authorized representative.

Sincerely yours,

Assistant Chief Counsel (Corporate)

By \_\_\_\_\_  
Filiz A. Serbes  
Assistant to the Chief, Branch 5