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CC:CORP:2-PLR-125316-01

Date:

November 15, 2001

LEGEND

Distributing 1 =

Shareholder A =

Shareholder B =

Controlled 1 =

Distributing 2 =

Controlled 2 =

Sub-1 =

Sub-2 =

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Sub-3 =

Financial Advisor =

Business A =

Business B =

Branch B =

Date A =

Date B =

Date C =

Date D =

Date E =

Date F =

Date G =

Date H =

Date J =

Date K =

Year 1 =

Year 2 =

Country X =

County Y =

Country Z =

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Bank A =

Bank B =

Bank C =

Bank D =

Bank E =

a =b =c =d =e =f =g =h =i =k =m =n =o =p =q =r =s =t =

This letter responds to your April 19, 2001 request for rulings on certain federal income tax consequences of a proposed series of transactions. The information submitted is summarized below.

The rulings given in this letter are 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 rulings. Verification of the information, representations and other data may be required as part of the audit process.

SUMMARY OF FACTS

Distributing 1, an accrual basis, calendar year taxpayer, is the common parent of an affiliated group of corporations that files a consolidated income tax return. Distributing 1 presently has two classes of authorized stock: (1) a shares of common stock which is widely held and publicly traded; and (2) b shares of preferred stock. As of Date A, there were c shares of Distributing 1 common stock outstanding. No other class of Distributing stock is outstanding. Shareholders A and B each own more than five percent of Distributing 1's stock: Shareholder A owns approximately g percent, and Shareholder B owns approximately h percent of the outstanding shares. The shares held by Shareholder A are held for the benefit of Distributing 1's employees.

Prior to Distributing 1's contribution of its Business A to Controlled 1, Distributing 1 was directly and indirectly engaged in Business A and Business B. We have received financial information indicating that each of these businesses has had gross receipts and operating expenses representing the active conduct of a trade or business for each of the last five years.

Financial Advisor advised Distributing 1 that capital for its business should be raised by contributing Business A to Controlled 1, and issuing Controlled 1 stock to the public in an initial public offering ("IPO"). Furthermore, Financial Advisor concluded that the IPO followed by a previously announced and expected Spin-Off of Controlled 1 would be more cost effective than an offering of the stock of Distributing 1 and more cost effective than an offering of the stock of Controlled 1 without a previously announced Spin-Off.

Distributing 2 has d shares of common stock outstanding, all of which are owned by Distributing 1. Distributing 2 joins in the filing of consolidated returns with Distributing 1. Distributing 2 is a holding company, and holds no assets other than its interests in subsidiary corporations. Distributing 2 owns 100 percent of the stock of Controlled 2, a Country X corporation. Controlled 2 has e shares of common stock outstanding. The stock of Controlled 2 was acquired by Distributing 1 in Year 1 and has been owned by Distributing 2 since Year 2 (more than 5 years). We have received financial information indicating that Distributing 2 (indirectly) and Controlled 2 (directly) have been engaged in the active conduct of a trade or business for each of the past five years.

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In order to separate Business A from Business B and carry out the IPO, Distributing 1 has carried out or proposes to carry out the following steps:

(1) **The Pre-Internal-Spin-Off Restructuring:**

- (A) The Country Y Merger: Controlled 2 owns, among other things, one hundred percent of the stock of Sub-2, a Country Y corporation. Sub-2 is represented to have been actively engaged in Business A for more than 5 years. Controlled 2 formed a new wholly-owned Country Y subsidiary, Sub-3, and Sub-2 merged into Sub-3 on Date C. Subsequent to the merger, Controlled 2, as Sub-3's sole shareholder, elected to have Sub-3 disregarded as an entity separate from Controlled 2 pursuant to § 301.7701-3(a). Distributing 1 represents that the merger of Sub-2 into Sub-3 qualifies as a tax-free F reorganization and represents that the disregarded entity election for Sub-3 qualifies as a § 332 liquidation of Sub-3 into Controlled 2 for federal income tax purposes.
- (B) The Country X De-Merger: In order to separate its Business A assets from its Business B assets, Controlled 2 formed a new subsidiary, Sub-1, a Country X corporation. Controlled 2 contributed its Branch B operations (which it has continuously owned and actively operated for more than 5 years) to Sub-1 solely in exchange for Sub-1 stock. Controlled 2 distributed all of the outstanding stock of Sub-1 to Distributing 2. Thus, Distributing 2 became engaged in Business B through its ownership of all of the issued and outstanding stock of Sub-1. The taxpayer has represented that it will treat the Country X De-Merger as a § 355 spin-off.

- (2) **The Internal Spin-Off**: As a consequence of the Country X De-Merger, Distributing 2 owned, among other things, all of the stock of Controlled 2 and all of the stock of Sub-1. Distributing 2 owned all of the stock of Controlled 2 for more than 5 years. Distributing 2 distributed e shares of Controlled 2 common stock, representing 100 percent of Controlled 2's stock, to Distributing 1 on Date K. Distributing 1 represents that Distributing 2 did not distribute any property to Distributing 1 other than the common stock of Controlled 2. Distributing 2 did not receive any securities of Controlled 2 in the distribution. Distributing 1 did not surrender any Distributing 2 common stock in the transaction. Distributing 1 represents that immediately after the Internal Spin-Off, Distributing 2 continued to be engaged in its active conduct of a trade or business indirectly through its Branch B operations.

- (3) **The Contribution**: Distributing 1 formed Controlled 1 on Date D. Distributing 1 contributed all of its Business A assets and the stock of Controlled 2 to Controlled 1 solely in exchange for m shares of Controlled 1 common stock, the assumption by Controlled 1 of certain liabilities, and cash (borrowed by Controlled 1 or raised through an IPO of Controlled 1 stock).

- (4) **The Recapitalization of Controlled 1:** On Date E, in anticipation of the IPO and External Spin-Off, Controlled 1 filed an Amended and Restated Certificate of Incorporation which authorized Controlled 1 to issue n shares of Controlled 1 common stock and o shares of Controlled 1 preferred stock. In addition, Controlled 1 declared a p-for-1 stock split in the form of a dividend on Controlled 1 common stock.
- (5) **The IPO:** The IPO of Controlled 1 stock was carried out on Date B. Controlled 1 issued q shares of common stock at \$r per share.
- (6) **The Cash Distribution from Controlled 1 to Distributing 1:** On Date F, Controlled 1 borrowed \$s from Bank A and distributed all such borrowed funds to Distributing 1. At such time, Distributing 1 transferred the funds to Bank B, Bank C and Bank D to pay Distributing 1's existing credit obligations to such banks. In addition, on Date G, Controlled 1 distributed the net IPO proceeds of \$t to Distributing 1. At such time, Distributing 1 transferred the net IPO proceeds to Bank B, Bank C and Bank E to pay its existing credit obligations to such banks.
- (7) **The External Spin-Off:** Distributing 1 will distribute all of its shares of Controlled 1 stock to Distributing 1's shareholders. Distributing 1 will not distribute any property to its shareholders other than the common stock of Controlled 1.

REPRESENTATIONS

The following representations are made in connection with the Internal Spin-Off:

- (a) No part of the consideration distributed by Distributing 2 was received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of the corporation.
- (b) Immediately following the Internal Spin-Off, Distributing 2 continued to own 100 percent of the outstanding stock of Sub-1, which was directly engaged in Business B.
- (c) The five years of financial information submitted on behalf of Distributing 2 and Sub-1 is representative of the corporations' present operations, and with regard to such corporations, there have been no substantial operational changes since the date of the last financial statements submitted.
- (d) Immediately after the distribution of Controlled 2, at least 90 percent of the fair market value of the gross assets of Distributing 2 consisted of the stock and securities of controlled corporations that were engaged in the active conduct of a trade or business as defined in § 355(b)(2). See § 3.04 of Rev. Proc. 77-37, 1977-2 C.B. 568, 570.

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- (e) Immediately after the Internal Spin-Off, Controlled 2 was directly engaged in Business A, and the fair market value of the gross assets of its Country Y and Z Branches used in the direct conduct of Business A comprised at least five percent of the fair market value of Controlled 2's gross assets immediately after the Internal Spin-Off.
- (f) The five years of financial information submitted on behalf of Controlled 2 is representative of the corporation's Branch Y and Z present operations, and with regard to such branch operations, there have been no substantial operational changes since the date of the last financial statements submitted.
- (g) Following the transaction, Distributing 2 and Controlled 2 will each continue the active conduct of its business, independently and with its separate employees.
- (h) The Internal Spin-Off was carried out for the corporate business purpose of separating Business A from Business B in preparation for the External Spin-Off. The Internal Spin-Off was carried out in whole or substantial part for this corporate business purpose.
- (i) The Internal Spin-Off was completed prior to the IPO.
- (j) There is no plan or intention by Distributing 1 to sell, exchange, transfer by gift, or otherwise dispose of any stock in, or securities of, either Distributing 2 or Controlled 2 after the transaction, other than the contribution of the Controlled 2 stock to Controlled 1, and its subsequent distribution pursuant to the External Spin-Off of Controlled 1.
- (k) There is no plan or intention by either Distributing 2 or Controlled 2, directly or through any subsidiary corporation, to purchase any of its outstanding stock after the transaction.
- (l) There is no plan or intention to liquidate either Distributing 2 or Controlled 2, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the transaction, except in the ordinary course of business.
- (m) Immediately after the distribution of Controlled 2 to Distributing 1, no person held disqualified stock (within the meaning of § 355(d)) in Controlled 2 or Distributing 2 possessing 50 percent or more of the total combined voting power of all classes of stock of either Distributing 2 or Controlled 2, or stock possessing 50 percent or more of the total value of all classes of stock of either Distributing 2 or Controlled 2.
- (n) Except in connection with continuing transactions regarding transitional services (that ended no later than Date C), no intercorporate indebtedness existed

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between Distributing 2 and Controlled 2 at the time of, or subsequent to, the distribution of Controlled 2's stock.

- (o) Payments made in connection with all continuing transactions between Distributing 2 and Controlled 2 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (p) No two parties to the transaction are investment companies as defined in §§ 368(a)(2)(F)(iii) and (iv).
- (q) (i) The total adjusted bases and the fair market values of the assets transferred to Controlled 2 by Distributing 2 equal or exceed the sum of the liabilities assumed by Controlled 2 plus any liabilities to which the transferred assets are subject; and (ii) the liabilities assumed in the transaction and the liabilities to which the transferred assets are subject were incurred in the ordinary course of business and are associated with the assets being transferred.
- (r) The Internal Spin-Off was not part of a plan or series of related transactions (within the meaning of § 355(e) pursuant to which one or more persons will acquire directly or indirectly stock possessing 50 percent or more of the total combined voting power of all classes of stock of either Distributing 2 or Controlled 2, or stock possessing 50 percent or more of the total value of all classes of stock of either Distributing 2 or Controlled 2.

The following representations are made in connection with the External Spin-Off:

- (aa) No part of the consideration to be distributed by Distributing 1 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 1.
- (bb) The five years of financial information submitted on behalf of Distributing 1 is representative of Distributing 1's present operations, and there have been no substantial operational changes since the date of the last financial statements submitted.
- (cc) The five years of financial information submitted on behalf of Controlled 1 is representative of that corporation's present operations, and there have been no substantial changes since the date of the last financial statements submitted.
- (dd) Following the External Spin-Off, Distributing 1 and Controlled 1 will each continue the active conduct of a trade or business, independently and with separate employees.
- (ee) The distribution of the stock of Controlled 1 is motivated in substantial part to reduce the cost of the equity capital raised in the IPO.

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- (ff) The IPO and External Spin-Off will be completed no later than Date J.
- (gg) Each of two shareholders own 5 percent or more of the stock of Distributing 1. Both of the 5 percent shareholders only hold legal title to the Distributing 1 stock. There is no beneficial owner of 5 percent or more of the stock of Distributing 1. Neither of the 5 percent shareholders has any plan or intention to sell, exchange, transfer by gift, or otherwise dispose of any stock in, or securities of, either Distributing 1 or Controlled 1 after the transaction. Moreover, the management of Distributing 1, to the best of its knowledge, is not aware of any plan or intention on the part of any particular remaining shareholder or security holder of Distributing 1, to sell, exchange, transfer by gift, or otherwise dispose of any stock in, or securities of, either Distributing 1 or Controlled 1 after the transaction.
- (hh) There is no plan or intention by either Distributing 1 or Controlled 1, directly or through any subsidiary corporation, to purchase any of its outstanding stock after the transaction, other than through stock purchases meeting the requirements of § 4.05(1)(b) of Revenue Procedure 96-30, 1996-1 C.B. 696.
- (ii) There is no plan or intention to liquidate either Distributing 1 or Controlled 1, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the transaction, except in the ordinary course of business.
- (jj) (i) The total adjusted bases and the fair market values of the assets transferred to Controlled 1 by Distributing 1 equal or exceed the sum of the liabilities assumed by Controlled 2 plus any liabilities to which the transferred assets are subject; and (ii) the liabilities assumed in the transaction and the liabilities to which the transferred assets are subject were incurred in the ordinary course of business and are associated with the assets being transferred.
- (kk) The income tax liability for the taxable year in which investment credit property (including any building to which § 47(d) applies) is transferred will be adjusted pursuant to § 50(a)(1) or (a)(2) (or § 47, as in effect before amendment by Public Law 101-508, Title 11, 104 Stat. 1388, 536 (1990), if applicable) to reflect an early disposition of the property.
- (ll) Distributing 1 neither accumulated its receivables nor made extraordinary payment of its payables in anticipation of the transaction.
- (mm) Except for intercompany indebtedness which does not constitute a security and which may arise at arm's length pursuant to certain intercompany agreements entered into in connection with the transactions, no intercorporate debt will exist between Distributing 1 (and its subsidiaries) and Controlled 1 (and its subsidiaries) at the time of, or subsequent to, the External Spin-Off.

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- (nn) Immediately before the distribution, items of income, gain, loss, deduction and credit will be taken into account as required by the applicable intercompany transaction regulations. (See § 1.1502-14 of the Income Tax Regulations and § 1.1502-14 as in effect before the publication of T.D. 8597, 1995-2 C.B. 147, and as currently in effect; § 1502-13 as published in T.D. 8597). Further, Distributing 1's excess loss account, if any, with respect to the stock of Controlled 1 or any direct or indirect subsidiary of Controlled 1 will be included in income immediately before the distribution (see § 1.1502-19).
- (oo) Payments made in connection with all continuing transactions between Distributing 1 and Controlled 1 will be for fair market value based on terms and conditions arrived at by the parties at arm's length, except for certain transactions and arrangements under the transitional services agreement, which will be based on cost or cost-plus arrangements. All transitional services will end within one year of the date of the External Spin-Off.
- (pp) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).
- (qq) Immediately after the distribution of Controlled 1 to the shareholders of Distributing 1, no person will hold disqualified stock (within the meaning of § 355(d)) in Controlled 1 or Distributing 1 possessing 50 percent or more of the total combined voting power of all classes of stock of either Distributing 1 or Controlled 1, or stock possessing 50 percent or more of the total value of all classes of stock of either Distributing 1 or Controlled 1.
- (rr) The External Spin-Off is not part of a plan or series of related transactions (within the meaning of § 355(e)) pursuant to which one or more persons will acquire directly or indirectly stock possessing 50 percent or more of the total combined voting power of all classes of stock of either Distributing 1 or Controlled 1, or stock possessing 50 percent or more of the total value of all classes of stock of either Distributing 1 or Controlled 1.
- (ss) There is no current plan or intention by Distributing 1, directly or through any subsidiary corporation, to purchase any of the outstanding stock of Controlled 1 subsequent to the External Spin-Off.
- (tt) Neither Distributing 1 nor Controlled 1 currently is in negotiations with, nor has even identified any, specific acquisition target for a transaction in which stock would be used as acquisition currency. Furthermore, neither company has engaged any outside consultant to perform any study identifying any such potential target.

The following representations are made with respect to international aspects of the federal income tax consequences of the proposed transaction:

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- (aaa) Controlled 2 was a controlled foreign corporation (“CFC”) within the meaning of § 957(a) at all times during the five year period immediately preceding the date of the Internal Spin-Off, and Controlled 2 was a CFC immediately thereafter.
- (bbb) Distributing 1 will treat the Country X De-Merger as a tax-free spin-off under § 355 that is subject to § 367(b).
- (ccc) Distributing 1 will treat the merger of Sub-2 into Sub-3 as a reorganization under § 368(a)(1)(F). Distributing 1 will treat the disregarded entity election with respect to Sub-3 as a liquidation under § 332.
- (ddd) Controlled 2 was not a passive foreign investment corporation (as defined in § 1297(a)) before the Internal Spin-Off and will not be a passive foreign investment corporation after the Internal Spin-Off.
- (eee) With respect to each foreign corporation that is deemed liquidated into a foreign corporate parent as part of the transaction, the liquidating corporation will not distribute as part of its deemed liquidation “qualified property” as defined in Treas. Reg. § 1.367(e)-2(b)(2)(i)(B), that is used by the liquidating corporation in the conduct of a trade or business within the United States at the time of distribution, or property that had ceased to be used by the liquidating corporation in the conduct of a United States trade of business within the ten-year period ending on the date of the distribution and that would have been subject to § 864(c)(7) had it been disposed of.
- (fff) Controlled 2 was a CFC within the meaning of § 957(a) at all times during the five year period before the date of the Contribution, and Controlled 2 was a CFC immediately thereafter.
- (ggg) As of the date of the External Spin-Off, Distributing 1 will not have been a United States real property holding corporation (as defined in § 897(c)(2)) at any time during the preceding five years, nor will Distributing 1 or Controlled 1 be a United States real property holding corporation (as defined in § 897(c)(2)) following the External Spin-Off.

RULINGS

Based solely on the information submitted and on the representations set forth above, the following rulings are made with respect to the Internal Spin-Off:

1. No income, gain or loss will be recognized by Distributing 2 on the distribution of its stock of Controlled 2.
2. The basis of the Controlled 2 stock in the hands of Distributing 1 is the lesser of the adjusted basis of that stock in the hands of Distributing 2 or the substituted

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basis allocated to Controlled 2's stock in accordance with Treas. Reg. § 1.358-2(a)(2). § 1248(f)(2); Notice 87-64, 1987-2 C.B. 375.

3. The holding period of Controlled 2 stock received by Distributing 1 will be the greater of the holding period of the Controlled 2 stock in the hands of Distributing 2 or the holding period of Distributing 2 stock in the hands of Distributing 1. § 1248(f)(2); Notice 87-64, 1987-2 C.B. 375.
4. Section 1248(f)(1) is not applicable to the Internal Spin-Off. See § 1248(f)(2) and Notice 87-64, 1987-2 C.B. 375.
5. The earnings and profits of Controlled 2, to the extent attributable to such stock under § 1.1248-2 or 1.1248-3 (whichever is applicable), that were accumulated in taxable years of Controlled 2 beginning after December 31, 1962, and during the period in which Controlled 2 was a CFC are attributable to such stock held by Controlled 1. § 1.1248-1(a)(1).
6. As provided in § 312(h), proper allocation of earnings and profits between Distributing 2 and Controlled 2 will be made under § 1.312-10(b).

Based solely on the information submitted and on the representations set forth above, the following rulings are made with respect to the External Spin-Off:

7. The transfer of the Business A assets pursuant to the Contribution (as described is step (3), above) by Distributing 1 to Controlled 1 solely in exchange for the stock of Controlled 1, the assumption by Controlled 1 of related liabilities, and cash, followed by the transfer of such cash to Distributing 1's creditors, and the distribution of Controlled 1 to the shareholders of Distributing 1 constitutes a reorganization within the meaning of § 368(a)(1)(D). Distributing 1 and Controlled 1 will each be "a party to a reorganization" within the meaning of § 368(b).
8. Distributing 1 will recognize no gain or loss on the transfer of the Business A assets, subject to liabilities, pursuant to the Contribution to Controlled 1 in exchange for Controlled 1 stock, the assumption by Controlled 1 of related liabilities, and the receipt of cash that was transferred to Controlled 1's creditors. §§ 357(a), 361(a), 361(b)(1)(A), and 361(b)(3).
9. Controlled 1 will recognize no gain or loss on the receipt of assets pursuant to the Contribution in exchange for Controlled 2 stock. § 1032(a).
10. The basis of the Business A assets received by Controlled 1 pursuant to the Contribution will be equal to the basis of such assets in the hands of Distributing 1 immediately before the transaction. § 362(b).
11. The holding period for each asset received by Controlled 1 pursuant to the Contribution will include the period during which such asset was held by Distributing 1. § 1223(a).

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12. Distributing 1 will recognize no gain or loss upon the distribution of the Controlled 1 common stock to the shareholders of Distributing 1. § 361(c).
13. No gain or loss will be recognized by (and no amount will be included in the income of) the shareholders of Distributing 1 upon the receipt of the Controlled 1 common stock in the External Spin-Off. § 355(a)(1).
14. The basis of the stock of Distributing 1 and Controlled 1 in the hands of the shareholders of Distributing 1 immediately after the External Spin-Off will be the same as the basis of the Distributing 1 stock held immediately before the External Spin-Off, allocated in proportion to the relative fair market value of each in accordance with § 1.358-2(a)(2). §§ 358(a)(1), 358(c).
15. The holding period of the Controlled 1 common stock received by the shareholders of Distributing 1 will include the holding period of the Distributing 1 stock with respect to which the External Spin-Off is made, provided that such Distributing 1 stock is held as a capital asset on the date of the External Spin-Off. § 1223(1); § 1.1223-1(a).
16. As provided in § 312(h), proper allocation of earnings and profits between Distributing 1 and Controlled 1 will be made under § 1.312-10(a) and § 1.1502-33(e)(3).
17. The payment of cash, if any, in lieu of fractional shares of Controlled 1 common stock will be treated for federal income tax purposes as if the fractional shares had been distributed as part of the External Spin-Off and then disposed of by the holders for the amount of such cash in a sale or exchange. Accordingly, a shareholder receiving such cash will recognize gain or loss equal to the difference between the cash received and the basis of the fractional share as determined under § 1001. If the Controlled 1 common stock is held by the shareholder as a capital asset, the gain or loss will be subject to the provisions and limitations of Subchapter P of Chapter 1 of the Code. §§ 1221 and 1222.
18. Payments made by Distributing 1 to Controlled 1 or by Controlled 1 to Distributing 1 under the Tax Sharing Agreement regarding tax liabilities that (i) have arisen or will arise for the taxable period ending on or before the External Spin-Off or for a taxable period beginning before and ending after the External Spin-Off, and (ii) will not become fixed and ascertainable until after the External Spin-Off, will be treated as occurring immediately before the Distribution.
19. Distributing 1 will recognize no gain or loss under § 367(e)(1) on its distribution of Controlled 1 stock to its shareholders in the External Spin-Off. § 1.367(e)-1(c).

Except as expressly provided herein, no opinion is expressed concerning the federal tax consequences of the proposed transaction under any other provision of the Code and regulations which may be applicable thereto, or as to the tax treatment of any conditions existing at the time of, or effects resulting from, the proposed transaction which are not specifically covered by the above rulings.

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No opinion is expressed as to the federal tax consequences of the continuing transactions between Distributing 1 and Controlled 1 that are based on cost or cost-plus arrangements rather than for fair market value.

Except as specifically ruled above, no opinion is expressed concerning the U.S. federal income tax consequences of the proposed transaction. Specifically, no opinion is expressed regarding whether any or all of the above-referenced foreign corporations are passive foreign investment companies (within the meaning of § 1297(a) of the Code). If it is determined that any or all of the above-described foreign corporations are passive foreign investment companies, no opinion is expressed with respect to the application of Code §§ 1291 through 1298 to the proposed transactions. In particular, in a transaction in which gain is not otherwise recognized, regulations under § 1291(f) may require gain recognition notwithstanding any other provision of the Code. Additionally, no opinions have been requested and none are provided about the U.S. federal income tax consequences of Taxpayer's proposed international restructuring transactions. In particular, no opinion is expressed about the application of § 367(b) (i.e., Treas. Reg. § 1.367(b)-5(c)) and § 367(e)(2) to the international restructuring transactions.

The rulings contained in this letter are predicated upon the 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. Verification of the information, representations, and other data may be required as part of the audit process. See § 12.04 of Rev. Proc. 2000-1, 2001-1 I.R.B. 1, which discusses in greater detail the revocation or modification of ruling letters. However, when the criteria in § 12.05 of Rev. Proc. 2001-1 are satisfied, a ruling is not revoked or modified retroactively except in rare or unusual circumstances.

This ruling is directed only to the taxpayer(s) 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.

Sincerely yours,

Gerald B. Fleming

Gerald B. Fleming
Senior Technician Reviewer, Branch 2
Office of Associate Chief Counsel (Corporate)

cc: