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The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

FACTS

Parent is the common parent of a consolidated group (Group) engaged in Business A. Parent uses a 52-53 week year ending on the last Saturday in December. Sub, a member of Group, presently uses the same taxable year as Parent. Sub wholly owns foreign subsidiaries in Country X that are controlled foreign corporations (CFCs) as defined in section 957(a) of the Internal Revenue Code (Code).

The CFCs owned by Sub are partners in Country X partnerships. Under Country X law, these partnerships cannot have a calendar year that exceeds 12 months. This restriction makes the partnerships unable to have a 52-53 week taxable year. Under changes in Country X law, the CFCs as partners are required to make burdensome computations if they wish to have a 52-53 week taxable year. As a result, the CFCs have changed to a calendar year. To avoid difficult computations due to the difference between the CFCs calendar years and Sub's 52-53 week year, Parent wants to change Sub's taxable year to a calendar year effective for Tax Year. Parent has submitted a request for consent to change Sub's accounting period pursuant to Rev. Proc. 2002-39, 2002-22, I.R.B. 1046.

Advanced consent of the Commissioner without requesting a letter ruling is available to taxpayers under the procedures stated in Rev. Proc. 89-56, 1982 C.B. 643. A letter ruling is available only if a taxpayer demonstrates unique and compelling reasons that justify the issuance of a letter ruling. See section 6.07 of Rev. Proc. 2018-3, 2018-1 I.R.B. 130, 144, and section 2.01 of Rev. Proc. 2018-3, at 131. Parent has demonstrated such unique and compelling reasons.

REPRESENTATIONS

Parent has submitted the following representations:

- (a) The tax years of all members of Group will end within the same 7-day period.
- (b) The use of a 52-53 week taxable year will clearly reflect the consolidated income of Group. The members of Group using a 52-53 week taxable year will determine depreciation, amortization, state and local franchise and property taxes, vacation pay accruals, and items of a similar nature as though their taxable year consisted of 12 calendar months, in accordance with the principles of Treas. Reg. § 1.441-2(d).
- (c) Any deferred intercompany transaction between members of Group will be accounted for in the same consolidated return year even though the use of a 52-53 week taxable year by certain members may cause a transaction to occur on a day falling in different consolidated return years of the members involved. In

such a case, the taxable year of the selling member will be used to determine the consolidated return year in which a transaction has occurred. See Rev. Rul. 72-184, 1972-1 C.B. 289.

- (d) If deferred gain must be restored under the rules of § 1.1502-13, the consolidated return year of the member causing the restoration will control. If, because of the selling member's method of accounting, the deferred gain or loss would not otherwise be recognized until a later taxable year, the selling member nevertheless will take into account the gain or loss in the consolidated return year of the member causing such restoration. See Rev. Rul. 72-184.
- (e) If consent is granted for Sub to change its annual accounting period to a calendar year end, then the CFCs will adopt the taxable year that results in the least deferral of income to all U.S. shareholders, as defined in Prop. Reg. § 1.898-3(a)(4)(i) and illustrated in Example 2 of Prop. Reg. § 1.898-3(a)(4)(iii).

RULING

Based solely on the information submitted, and provided that the affiliation requirements of section 1504 of the Code are met, and Sub is using a proper accounting period, consent is granted under § 1.1502-76 of the regulations for Sub to file a consolidated return with Parent using a calendar year. See section 442 of the Code, related regulations, and Rev. Proc. 2002-39.

CAVEATS

Nothing in the above ruling shall be construed as the granting of approval by the Commissioner for Parent to file consolidated federal income tax returns, and no opinion is expressed as to whether any of the corporations are members of an affiliated group under section 1504(a) of the Code. We express no opinion as to the tax effects or consequences of Sub's taxable year under any other provisions of the Code or regulations, or as to the tax treatment of any conditions existing at the time of, or effects resulting from, Sub's taxable year that are not specifically set forth in the above ruling.

PROCEDURAL STATEMENTS

This ruling is directed only to the taxpayers 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 return that provides the date and control number (PLR-103636-18) of this letter ruling.

In accordance with the power of attorney on file with this office, copies of this letter are being sent to your authorized representatives.

Sincerely,

Maurice M. LaBrie
Assistant to the Branch Chief, Branch 5
Office of Associate Chief Counsel (Corporate)