

Internal Revenue Service

Department of the Treasury

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Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:

CC:CORP:Br4 PLR-122214-00

Date:

December 15, 2000

Dear :

This letter responds to your October 19, 2000 request for a letter ruling supplementing our letter ruling dated October 5, 2000 (PLR-109915-00) (the "Prior Letter Ruling"). The legend abbreviations, Summary of Facts, proposed transaction descriptions, Representations, and Caveats appearing in the Prior Letter Ruling are incorporated by reference.

The rulings contained in this letter are based on facts and representations submitted by the taxpayer accompanied by penalty of perjury statements executed by appropriate parties. Verification of these facts and representations may be required as part of the audit process.

The Prior Letter Ruling addressed the federal income tax consequences of a series of proposed transactions intended to separate Business A from Business B. After further consideration, the parties have decided not to undertake the transaction described in paragraph (v) of the Prior Letter Ruling as part of the Country B Restructuring ("Distribution 1"). Instead, Sub 2 will purchase the stock of Sub 21 from Sub 20 for cash.

As a result of this change, the Prior Letter Ruling is modified as follows:

The following paragraph (v) replaces paragraph (v) on page 7:

(v) Sub 2 will purchase the stock of Sub 21 from Sub 20 (the "Sub 21 Sale").

Representations (2q) through (3g) and Rulings (22) through (29) relating to Distribution 1 are deleted from the Prior Letter Ruling, and the following additional representations are made:

(7d) The consideration paid by Sub 2 to Sub 20 in the Sub 21 Sale is approximately equal to the fair market value of Sub 21.

(7e) Applying U. S. federal income tax principles, Sub 20 will recognize gain as a result of the Sub 21 Sale.

The following additional rulings are issued:

(60) Any gain from the sale of Sub 21 stock by Sub 20 to Sub 2 is foreign personal holding company income under § 954(c)(1)(B) and may be included in the gross income of Sub 2 under § 951(a)(1)(A).

(61) The Sub 21 Sale will not adversely effect any ruling in the Prior Letter Ruling (except for the deletion of Rulings (22) through (29)), and all such rulings will retain full force and effect.

Caveats

We express no opinion about the tax treatment of the transactions under any other provisions of the Code or regulations or the tax treatment of any conditions existing at the time of, or effects resulting from, the transactions that are not specifically covered by the above rulings.

Procedural Statements

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.

A copy of this ruling letter should be attached to the federal income tax return of each taxpayer involved for the taxable year in which the transactions are consummated.

Under the power of attorney on file in this office, a copy of this letter is being sent to the taxpayer.

Sincerely yours,
Assistant Chief Counsel
(Corporate)
By: Wayne T. Murray
Senior Technician/Reviewer
Branch 4