

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:CORP:01
PLR-141860-08

Date:
November 20, 2008

Legend

Corporation =

Shareholder =

Estate =

Foundation =

Dear :

This letter responds to your representative's letter dated September 25, 2008, requesting a ruling on behalf of Corporation concerning the tax consequences of the transfer of certain appreciated property by Corporation to Foundation.

The rulings contained in this letter are based on facts and representations submitted by the taxpayer and accompanied by a penalty 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

Corporation is in the business of owning and leasing real property. Corporation is wholly-owned by Shareholder. Shareholder is wholly-owned by Estate. Foundation qualifies as a tax-exempt charitable organization under 501(c)(3), of the Internal Revenue Code. The trustees of Foundation are the executors of the Estate.

Corporation owns commercial property through wholly-owned limited liability companies that are disregarded for federal income tax purposes. The fair market value of each property significantly exceeds its tax basis.

PROPOSED TRANSACTION

Corporation proposes to contribute one of its commercial properties to Foundation free and clear of all liens, but subject to a lease (the "Contribution"). Although the commercial property is currently subject to a mortgage, the mortgage will be repaid prior to the contribution.

REPRESENTATIONS

- (a) Neither property nor economic benefit will be received by Corporation, its shareholders, Estate, any beneficiary of Estate, or any member of the decedent's family in connection with the Contribution.
- (b) Corporation has the authority to make the Contribution. Nothing in Corporation's organizational documents prohibits the Contribution. The Contribution will be approved by Corporation's board of directors and shareholders.
- (c) The last will and testament of the decedent (the "Will") left the residue of the decedent's estate to Foundation.
- (d) The Will gives the executors the right to exercise all powers in the management of the decedent's estate, which an individual could exercise in the management of similar property owned by the individual, upon such terms and conditions as the executors deem best, and to do all acts which the executors deem necessary or advisable to carry the purposes of the Will.
- (e) Following the Contribution, Corporation will continue to own its other property. The Contribution will not be part of a plan to liquidate Corporation.

- (f) There is no contract or other prearrangement requiring Foundation to sell or otherwise dispose of the property, or to pay to Corporation or any of its affiliates any portion of the proceeds that may ultimately be realized upon a sale or other disposition of the property.

RULINGS

- (1) The Contribution will not constitute a deemed distribution by the Taxpayer to Shareholder or Estate; and
- (2) Taxpayer will not recognize any gain on the Contribution.

CAVEATS

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

PROCEDURAL STATEMENTS

This ruling is directed only to the taxpayer 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 of the letter ruling.

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.

Sincerely,

Mark J. Weiss
Assistant to Branch Chief, Branch 1
Office of Associate Chief Counsel (Corporate)

cc: