

Internal Revenue Service

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Date:
May 10, 2012

Legend

Parent =

Former QRSs =

Date 1 =

Date 2 =

Date 3 =

Date 4 =

Dear :

This letter responds to your February 22, 2012, request for a ruling on certain federal income tax consequences of the transactions described below. The information submitted in that request is summarized below.

Summary of Facts

Parent is a publicly-traded corporation and, prior to Date 2, Parent was the common parent of an affiliated group of corporations that filed a consolidated federal income tax return on a calendar year basis. Effective Date 2, Parent elected to be taxed as a real estate investment trust (“REIT”) under § 856 of the Internal Revenue Code. The REIT election caused Parent to cease being an includible corporation as of the close of Date 1, and certain of Parent’s affiliates to become disregarded for federal income tax purposes as qualified REIT subsidiaries (“QRSs”).

Effective Date 3, Parent revoked its REIT election. The revocation caused Parent to become an includible corporation as of the opening of business on Date 3, and to be treated for federal income tax purposes as transferring the assets of its QRSs to newly formed corporations (the "Former QRSs"). The aggregate tax basis of the assets that Parent was treated as transferring to the Former QRSs exceeded their aggregate fair market value. As a result of the revocation, Parent and the Former QRSs became members of an affiliated group with Parent as the common parent (the "Parent Group").

Representations

The following representations are made with regard to the transactions described above:

- (a) Parent's revocation of its REIT election, effective Date 3, resulted in the deemed incorporation of the Former QRSs in a transaction subject to § 351(a).
- (b) Section 362(e)(2)(C) elections were properly made in connection with the deemed incorporation of the Former QRSs, preserving the transferee corporation's built-in loss with respect to the assets deemed to be contributed.
- (c) Parent and each of its subsidiaries that is an includible corporation (i.e., the Parent Group) will elect to join in the filing of a consolidated federal income tax return beginning Date 4 (the "Proposed Consolidated Return Filing").
- (d) Parent and each of its subsidiaries that is an includible corporation (i.e., the Parent Group) are eligible to join in the filing of a consolidated federal income tax return beginning Date 4.
- (e) Parent did not acquire any assets with a net unrealized built-in loss in excess of the § 382(h)(3)(B) threshold prior to and in anticipation of the Proposed Consolidated Return Filing.
- (f) There is no overlap with § 382 or § 383 for purposes of applying § 1.1502-15(g) of the Income Tax Regulations with respect to the Proposed Consolidated Return Filing.

Ruling

Based solely on the information submitted and representations made, we rule as follows:

Any loss recognized by a member of the Parent Group with respect to an asset owned by Parent or any of the Former QRSs as of the opening of business on

Date 3, will not be treated under § 1.1502-15 as subject to limitation under § 1.1502-21(c) or § 1.1502-22(c) within the Parent Group.

Caveats

The ruling contained in this letter is based on 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 a ruling, it is subject to verification on examination.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

Procedural Statements

This ruling letter 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 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 this ruling letter.

In accordance with the power of attorney on file in this office, a copy of this ruling letter is being sent to your authorized representative.

Sincerely,

Marie C. Milnes-Vasquez
Marie C. Milnes-Vasquez
Senior Technician Reviewer, Branch 4
Office of Associate Chief Counsel (Corporate)

cc: