

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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, ID No.

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Date:  
November 13, 2013

Legend

X =

Y =

State =

Feedstock =

Product =

Dear :

This letter responds to a letter dated June 28, 2013, submitted on behalf of X by X's authorized representative, requesting a ruling under § 7704(d)(1)(E) of the Internal Revenue Code.

**FACTS**

X is a limited liability company organized under the laws of State. X intends to form a limited partnership, Y, under the laws of State. After the consummation of an initial public offering, Y will be publicly-traded partnership within the meaning of § 7704(b). Y's employer identification number will be applied for at the time of its organization.

Y will mine and process Feedstock to produce Products used in the . Feedstock will be processed into Product by being conveyed through a series of steps in which . The Feedstock is then to produce Product.

Product is sold to third

. In some cases, Y will enhance the effectiveness of Product by Product. Y will not sell Product at the retail level. In connection with the processing and sale of Product, Y will also earn income from the storage and transportation of Product.

X requests a ruling that income derived from the mining, processing, sales, storage, and transportation of Product, will constitute qualifying income under § 7704(d)(1)(E).

### **LAW & ANALYSIS**

Section 7704(a) provides that, except as provided in § 7704(c), a publicly traded partnership will be treated as a corporation.

Section 7704(b) provides that the term “publicly traded partnership” means any partnership if (1) interests in that partnership are traded on an established securities market, or (2) interests in that partnership are readily tradable on a secondary market (or the substantial equivalent thereof).

Section 7704(c)(1) provides that § 7704(a) does not apply to a publicly traded partnership for any taxable year if such partnership meets the gross income requirements of § 7704(c)(2) for the taxable year and each preceding taxable year beginning after December 31, 1987, during which the partnership (or any predecessor) was in existence.

Section 7704(c)(2) provides, in relevant part, that a partnership meets the gross income requirements of § 7704(c)(2) for any taxable year if 90 percent or more of the gross income of the partnership for the taxable year consists of qualifying income.

Section 7704(d)(1)(E) provides that the term “qualifying income” includes income and gains derived from the exploration, development, mining or production, processing, refining, transportation (including pipelines transporting gas, oil, or products thereof), or the marketing of any mineral or natural resource (including fertilizer, geothermal energy, and timber).

### **CONCLUSION**

Based solely on the facts submitted and the representations made, we conclude that income derived by Y from the mining, processing, marketing, storage, and transportation of Product will constitute qualifying income under § 7704(d)(1)(E).

Except as expressly provided herein, no opinion is expressed or implied concerning the federal tax consequences of any aspect of any transaction or item discussed or

referenced in this letter. In particular, no opinion is expressed as to whether X meets the 90 percent gross income requirement of § 7704(c)(1) in any taxable year for which this ruling may apply.

This ruling is directed only to the taxpayer requesting it. However, in the event of a technical termination of X under § 708(b)(1)(B), the resulting partnership may continue to rely on this ruling in determining its qualifying income under § 7704(d)(1)(E). Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Sincerely,

*Laura C. Fields*

Laura C. Fields  
Senior Technician Reviewer, Branch 1  
Office of the Associate Chief Counsel  
(Passthroughs & Special Industries)

Enclosures (2)  
Copy of this letter  
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cc: