

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201505035**
Release Date: 1/30/2015

Third Party Communication: None
Date of Communication: Not Applicable

Index Numbers:301.00-00, 305.00-00,
305.03-00

Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:CORP:B03
PLR-128984-14
Date:
October 27, 2014

Legend

Taxpayer =

Exchange =

State A =

Dear

This letter responds to a July 18, 2014, letter requesting rulings under sections 301 and 305. The information provided in that request and in later correspondence is summarized below.

The rulings contained in this letter are based upon facts and representations submitted on behalf of 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.

FACTS

Taxpayer, incorporated in State A, is an accrual basis taxpayer that files federal income tax returns as a real estate investment trust ("REIT") on a calendar year basis. Taxpayer, for all relevant periods, qualifies as a REIT and intends to maintain such

qualification. Taxpayer regularly distributes its earnings and profits as required under section 857(a)(1). Taxpayer has one class of common stock outstanding (the "Common Stock") that is publicly traded and listed on the Exchange.

Taxpayer intends to make a special dividend distribution to its shareholders with respect to its Common Stock during the year 2014 ("Proposed Distribution"). Taxpayer will make the Proposed Distribution in the form of a combination of Common Stock and cash. Each shareholder will have the right to elect to receive its portion of the Proposed Distribution in the form of (1) 100 percent Common Stock, (2) 100 percent cash, or (3) a combination of stock and cash with between 20 to 80 percent in cash and the rest in stock. If a shareholder fails to make a valid election, that shareholder will be deemed to have made an election to receive 100 percent cash.

If, the total number of shares of Common Stock for which an election to receive cash is made would result in the payment of cash in an aggregate amount that is less than or equal to the total amount of cash available in the Proposed Distribution (the "Cash Amount"), then each shareholder electing to receive cash will receive its portion of the Proposed Distribution entirely in cash. If the total number of shares of Common Stock for which an election to receive cash is made would result in the payment of cash in an aggregate amount that is in excess of the Cash Amount, then each shareholder electing to receive cash will receive a prorated amount of cash and will receive the remainder of its portion of the Proposed Distribution in Common Stock. In no event will the total amount of the Cash Amount be less than 20 percent of the aggregate value of the Proposed Distribution. Accordingly, no shareholder electing to receive cash will receive less than 20 percent of its portion of the Proposed Distribution in cash. Any cash paid in lieu of fractional shares of Common Stock will not count towards the Cash Amount.

The calculation of the number of shares to be received by any shareholder will be determined, over a period of up to two weeks ending as close as practicable to the payment date, based upon a formula utilizing market prices that is designed to equate in value the number of shares to be received with the amount of money that could be received instead.

For any shareholder participating in the Common Stock dividend reinvestment plan ("DRIP"), the DRIP will apply only to the extent of the cash which the shareholder would have received in the Proposed Distribution in the absence of the DRIP. Taxpayer has no plan or intention to undergo any corporate reorganization or other business combination in connection with or contemporaneously with the Proposed Distribution, although Taxpayer may have stock offerings that are unrelated to the Proposed Distribution.

RULINGS

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

(1) The cash and Common Stock distributed in the Proposed Distribution shall be treated as a distribution of property with respect to the Common Stock to which section 301 applies (sections 301 and 305(b)(1)).

(2) The amount of the distribution of the stock received by any holder of Common Stock electing to or otherwise receiving stock will be considered to equal the amount of money which could have been received instead (section 1. 305-1(b)(2)).

CAVEATS

Except as expressly provided herein, no opinion is expressed or implied concerning the tax treatment of the proposed transaction 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 Distribution that are not specifically covered by the above rulings. In particular, no opinion is expressed with regard to whether Taxpayer qualifies as a REIT under subchapter M of the Code or whether the distributions made pursuant to the ruling will satisfy the “required distribution” requirement under section 4981(b)(1).

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. In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

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.

Sincerely,

Isaac W. Zimbalist

Isaac W. Zimbalist
Senior Technician Reviewer, Branch 1
Office of Associate Chief Counsel (Corporate)