

## Internal Revenue Service

Department of the Treasury  
Washington, DC 20224

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Person To Contact: \_\_\_\_\_, ID No. \_\_\_\_\_

Telephone Number:

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July 19, 2016

### LEGEND

Trust =Debtors =

Date1 =

Date2 =

Date3 =

Date4 =

Date5 =

Date6 =

Date7 =

Date8 =

Date9 =

Date10 =

Dear \_\_\_\_\_ :

This responds to a letter dated February 3, 2016, and subsequent correspondence, submitted on behalf of Trust, requesting a ruling under § 301.7701-4(d) of the Procedure and Administration Regulations.

The information submitted states that Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court on Date1. On or about Date2, Debtors submitted a joint plan of liquidation and a disclosure statement to the Bankruptcy Court. On Date3, Debtors filed an amended plan of liquidation and disclosure statement. The Bankruptcy Court approved the disclosure statement on Date4. On or about Date5, the Bankruptcy Court confirmed the plan of liquidation. Trust was established pursuant to the terms of the plan of liquidation and approved by the Bankruptcy Court for the purpose of liquidating and distributing its assets, and such assets were transferred to the Trust on Date6. Pursuant to the provisions of the trust agreement, Trust was created for the sole purpose of liquidating and distributing the assets of Trust, with no objective to continue or engage in the conduct of a trade or business.

The initial term of Trust was for three years, ending on Date7. On Date8, the Bankruptcy Court extended the term of Trust by two years ending on Date9. Trust represents that, from its establishment, Trust has been properly classified and treated as a liquidating trust within the meaning of § 301.7701-4(d). Trust further represents that, due to continuing events outside the control of the trustee of Trust, it is not possible to completely liquidate Trust by Date9. Trust requests a ruling that its classification as a liquidating trust under § 301.7701-4(d) will not be adversely affected if Trust's term is extended by the Bankruptcy Court for another three years ending on Date10.

Under section 4.1 of the trust agreement for Trust, multiple fixed-period extensions of Trust's term may be obtained so long as the Bankruptcy Court determines that an extension is necessary to facilitate or complete the recovery and liquidation of Trust assets. In addition, Trust may not extend its term more than 5 years from Date6 without a favorable private letter ruling from the Internal Revenue Service that any further extension would not adversely affect the status of the Trust as a liquidating trust for U.S. federal income tax purposes.

Section 301.7701-4(d) provides that certain organizations which are commonly known as liquidating trusts are treated as trusts for purposes of the Internal Revenue Code. An organization will be considered a liquidating trust if it is organized for the primary purpose of liquidating and distributing the assets transferred to it, and if its activities are all reasonably necessary to, and consistent with, the accomplishment of that purpose. A liquidating trust is treated as a trust for purposes of the Code because it

is formed with the objective of liquidating particular assets and not as an organization having as its purposes the carrying on of a profit-making business which normally would be conducted through business organizations classified as corporations or partnerships. However, if the liquidation is unreasonably prolonged or if the liquidation purpose becomes so obscured by business activities that the declared purpose of liquidation can be said to be lost or abandoned, the status of the organization will no longer be that of a liquidating trust.

Based on the facts and circumstances in this case and on the representations made, we rule that an extension of Trust's term to Date10 will not adversely affect the classification of Trust as a liquidating trust under § 301.7701-4(d) to the extent Trust otherwise qualifies as such.

Except as expressly set forth above, we express or imply no opinion concerning the federal income tax consequences of the facts described above under any other provision of the Code. Specifically, we express or imply no opinion as to whether Trust qualifies as a liquidating trust within the meaning of § 301.7701-4(d).

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.

The ruling contained in this letter is 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 materials submitted as part of the ruling request, it is subject to verification on examination.

In accordance with the power of attorney on file with this office, we are sending copies of this letter to your authorized representatives.

Sincerely,

Holly Porter  
Branch Chief, Branch 3  
Office of the Associate Chief Counsel  
(Passthroughs & Special Industries)

Enclosures (2):

Copy of this letter  
Copy for § 6110 purposes