

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:CORP:B05

PLR-131768-17

Date:

February 15, 2018

Distributing =

Controlled =

Individual =

Business A =

Business B =

Business C =

Date 1 =

Date 2 =

Date 3 =

Date 4 =

Country =

a =

b =

c percent =

d =

e percent =

Dear :

This letter responds to your authorized representative's letter dated October 17, 2017, as supplemented on November 30, 2017 and February 13, 2018, requesting a ruling on certain federal income tax consequences of a series of transactions (the "Proposed Transactions" as defined herein). The material information provided in that request and in subsequent correspondence is summarized below.

The ruling contained in this letter is based upon information and representations submitted by the taxpayer and accompanied by a penalties-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.

This letter and the rulings contained herein are issued pursuant to section 6.03 of Rev. Proc. 2017-1, I.R.B. 1, 19, regarding one or more significant issues under sections 351 and 355 of the Internal Revenue Code (the "Code"), and only address one or more discrete legal issues involved in the transaction. This Office expresses no opinion as to the overall tax consequences of the Proposed Transactions described in this letter or as to any issue not specifically addressed by the rulings below.

FACTS

Distributing, a Country entity, is widely held and publicly traded. Distributing directly and indirectly owns foreign and domestic entities, including Controlled, that are engaged in Business A, Business B, and Business C.

Distributing has two classes of common shares outstanding, Class A Shares and Class B Shares. The Class A Shares and the Class B Shares have identical terms except that the Class A Shares are entitled to a vote(s) per share and the Class B Shares are entitled to b vote(s) per share. As of Date 1, Individual indirectly held all of the Class A Shares and approximately c% of the Class B Shares. The Class B Shares are widely held and publicly traded.

PROPOSED TRANSACTIONS

Distributing has proposed the following series of transactions (together constituting the “Proposed Transactions”) which have been consummated:

- (i) On Date 2, Distributing’s board of directors authorized the issuance of additional shares as part of a share offering made to all holders of Class A Shares and Class B Shares on the record date of Date 3 (the “Share Offering”). In exchange for a cash amount of d per share, each shareholder was to receive an additional share of Distributing of the same class as held by the shareholder on Date 3. Approximately e percent of the shares authorized by Distributing’s board were acquired by its shareholders who subscribed for such shares with subscription rights in the Share Offering. The remaining shares authorized by Distributing’s board were issued to Distributing shareholders on Date 3 who applied to further participate in the Share Offering without subscription rights. The cash from the Share Offering was used by Distributing to reduce its external debt.
- (ii) On Date 4, Distributing distributed, pro rata, shares of Controlled to Distributing’s shareholders (the “Distribution”). Holders of Distributing’s Class A Shares received Class A Shares of Controlled, and holders of Distributing’s Class B Shares received Class B Shares of Controlled. The terms of Controlled’s Class A Shares mirror the terms of Distributing’s Class A Shares, and the terms of Controlled’s Class B Shares mirror the terms of Distributing’s Class B Shares.

RULING

Based solely on the information submitted, we rule that the Share Offering will not affect the Distribution from otherwise qualifying under section 355.

CAVEATS

Except as expressly provided herein, no opinion is expressed or implied concerning the tax treatment of the Proposed Transactions under any provision of the Code and regulations or the tax treatment of any condition existing at the time of, or effects resulting from the Proposed Transactions that is not specifically covered by the above rulings.

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 representatives.

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,

Mark J. Weiss

Mark J. Weiss
Branch Chief, Branch 2
Office of Associate Chief Counsel (Corporate)