In Re: [In Re:]  

Legend  

Foreign Parent =  
External Controlled =  
Foreign Holdco 2 =  
Foreign Holdco 1 =  
U.S. Parent =  
U.S. Distributing =  
U.S. Controlled =  

Third Party Communication: None  
Date of Communication: Not Applicable  
Person To Contact: , ID No.  
Telephone Number:  
Refer Reply To:  
CC:CORP:BO1  
PLR-114116-18  
Date:  
December 20, 2018
U.S. Holdco =

U.S. Sub 1 =

U.S. Sub 2 =

U.S. Sub 3 =

U.S. Sub 4 =

U.S. LLC 1 =

U.S. LLC 2 =

U.S. LLC 3 =

U.S. LLC 4 =

State X =

State Y =

Country Z =

Business A =
Dear

This letter responds to your letter dated April 20, 2018 requesting rulings on certain U.S. federal income tax consequences of a series of proposed transactions (collectively, the “Proposed Transaction”).

This letter is issued pursuant to Rev. Proc. 2017-52, 2017-41 I.R.B. 283, regarding one or more “Covered Transactions” under section 355 and section 368 of the Internal Revenue Code (the “Code”) and pursuant to section 6.03(2) of Rev. Proc. 2018-1, 2018-1 I.R.B. 1, regarding one or more significant issues under sections 332 and 355 of the Code. This office expresses no opinion as to the overall tax consequences of any transaction for which a significant issue ruling is requested or as to any issue not specifically addressed by the rulings below.

The rulings contained in this letter are based on facts and representations submitted by the taxpayer and accompanied by a penalties 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.

This office has made no determination regarding whether any of the Distributions (as defined below): (i) satisfies the business purpose requirement of Treas. Reg. § 1.355-2(b); (ii) is used principally as a device for the distribution of the earnings and profits of the distributing corporation or the controlled corporation or both (see section 355(a)(1)(B) and Treas. Reg. § 1.355-2(d)); or (iii) is part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing corporation or the controlled corporation, or any predecessor or successor of the distributing corporation or the controlled corporation, within the meaning of Treas. Reg. § 1.355-8T (see section 355(e)(2)(A)(ii) and Treas. Reg. § 1.355-7).

Summary of the Facts

Foreign Parent is a Country Z publicly traded corporation with subsidiaries in multiple countries engaged in Business A and Business B. Foreign Parent owns all the stock of Foreign Holdco 2, a Country Z corporation. Foreign Holdco 2 owns all the stock of Foreign Holdco 1, a Country Z corporation.

External Controlled is a newly formed Country Z corporation that will become the publicly traded holding company for Business B.

U.S. Parent is a State X corporation all of whose stock is owned by Foreign Holdco 1. U.S. Parent is the common parent of an affiliated group that files a consolidated return with its subsidiaries.

U.S. Distributing is a State X corporation all of whose stock is owned by U.S. Parent. Prior to the Proposed Transaction, U.S. Distributing indirectly held the United States portion of Business B.

U.S. Controlled is a new State Y corporation that was formed by U.S. Distributing for purposes of the Proposed Transaction.

U.S. Holdco is a State Y corporation all of whose stock is owned by U.S. Distributing.

U.S. Sub 1 is a State Y corporation all of whose stock is owned by U.S. Distributing.

U.S. Sub 2 is a State Y corporation all of whose stock is owned by U.S. Sub 1.

U.S. Sub 3 is a State Y corporation all of whose stock is owned by U.S. Sub 2.
U.S. Sub 4 is a State Y corporation whose common stock is owned by U.S. Sub 3 and whose preferred stock is beneficially owned by U.S. Sub 1. Legal title to U.S. Sub 4’s preferred stock has been held by Foreign Parent pursuant to a repurchase agreement with U.S. Sub 1. U.S Sub 1 has settled or will settle that repurchase agreement before the Proposed Transaction, so that U.S. Sub 1 will have both legal and beneficial ownership of the U.S. Sub 4 preferred stock immediately before the Proposed Transaction.

U.S. LLC 1, U.S. LLC 2, U.S. LLC 3 and U.S. LLC 4 are domestic limited liability companies formed for purposes of the Proposed Transaction. None of these LLCs will elect to be treated as a corporation for U.S. federal income tax purposes. U.S. Distributing will initially own all the interests in U.S. LLC 1. U.S. LLC 1 will initially own all the interests in U.S. LLC 2. U.S. LLC 2 will initially own all the interests in U.S. LLC 3. U.S. LLC 3 will initially own all the interests in U.S. LLC 4.

For what are represented to be valid business purposes, Foreign Parent has decided to separate Business B from Business A into a stand-alone publicly traded corporation.

**Proposed Transaction**

(i) U.S. Sub 1 will merge with and into U.S. LLC 1.

(ii) U.S. Sub 2 will merge with and into U.S LLC 2.

(iii) U.S. Sub 3 will merge with and into U.S. LLC 3.

(iv) U.S. Sub 4 will merge with and into U.S. LLC 4.

Transactions (i), (ii), (iii), and (iv) are referred to as the “Internal Mergers”.

(v) Each of U.S. LLC 2, U.S. LLC 3, and U.S. LLC 4 will transfer to either U.S. Distributing or a disregarded entity (“DRE”) of U.S. Distributing all of the assets and liabilities not associated with Business B that each owns (the “Internal Asset Separation”). It is Foreign Parent’s plan that the non-Business B assets and liabilities will generally be retained by U.S. Distributing or a DRE of U.S. Distributing. It is possible that U.S. Distributing or the applicable DRE of U.S. Distributing may transfer a portion of the non-Business B assets to U.S. Holdco concurrently with or following the Internal Asset Separation (if that transfer occurs, the “Internal Asset Contribution”).

(vi) U.S. LLC 1 will transfer to U.S. Distributing all the interests in U.S. LLC 2.

(vii) U.S. Distributing will contribute to U.S. Controlled all of the interests in U.S. LLC 2, which will result in the indirect contribution of all of the interests in U.S. LLC 3 and U.S. LLC 4 to U.S. Controlled (“the U.S. Controlled Contribution”). Because U.S. LLC 2, U.S. LLC 3, and U.S. LLC 4 are treated as DREs, U.S. Distributing will be
treated as contributing the assets of these LLCs to U.S. Controlled, and U.S. Controlled will be treated as assuming the liabilities of these LLCs. All or part of those assumed liabilities will be deductible or capitalized into the basis of assets by U.S. Controlled under its normal method of accounting following the U.S. Controlled Contribution (the “U.S. Controlled Deductible Liabilities”).

(viii) U.S. Distributing will distribute all of the stock of U.S. Controlled to U.S. Parent in exchange for a specific block (the “Split-Off Block”) of U.S. Parent’s stock in U.S. Distributing (the “U.S. Controlled Split-Off”). If the value of U.S. Controlled exceeds the value of the Split-Off Block, U.S. Distributing will also redeem additional U.S. Distributing shares that are not in the Split-Off Block.

(ix) Immediately after the U.S. Controlled Split-Off, a domestic finance subsidiary of U.S. Controlled will borrow from third-party lenders and transfer the proceeds to U.S. Controlled (either by distribution or loan), and U.S. Controlled will distribute the proceeds to U.S. Parent (the “U.S. Controlled Dividend”). Alternatively, the U.S. Controlled Dividends may be distributed in the form of a note of U.S. Controlled, which will be repaid with the proceeds of an external borrowing immediately before the External Spin-Off.

(x) U.S. Parent will distribute all of the stock of U.S. Controlled to Foreign Holdco 1 (“Foreign Distribution 1”).

(xi) Foreign Holdco 1 will distribute all of the stock of U.S. Controlled to Foreign Holdco 2 (“Foreign Distribution 2”).

(xii) Foreign Holdco 2 will distribute all of the stock of U.S. Controlled to Foreign Parent (“Foreign Distribution 3”).

(xiii) Foreign Parent will contribute to External Controlled all of the stock of U.S. Controlled in exchange for stock of External Controlled. As part of the same plan, Foreign Parent will contribute to External Controlled interests in non-U.S. entities that Foreign Parent or one of its DREs directly holds, and possibly an amount of cash, in exchange for External Controlled stock. In addition, Foreign Parent, External Controlled, and possibly some of their respective subsidiaries will enter into the Transitional Arrangements, as defined below. (All of the transactions described in this paragraph are referred to collectively as the “External Contribution.”)

Also, some of Foreign Parent’s subsidiaries may transfer entities or assets associated with Business B to External Controlled (or its subsidiaries) in exchange for cash or debt obligations.

(xiv) Foreign Parent will distribute all of the stock of External Controlled to its shareholders pro rata (the “External Spin-Off”).

Foreign Parent and its subsidiaries expect to have certain transitional arrangements with External Controlled and its subsidiaries, including U.S. Controlled, after the External Spin-Off (the “Transitional Arrangements”). The areas that these
arrangements may cover include (a) manufacturing facilities that will produce products for both Business A and Business B; (b) distribution functions shared by the two businesses; (c) shared contracts; (d) limited promotional activities; (e) regulatory cooperation; (f) trademarks and other intellectual property; (g) certain non-core business functions; (h) delayed transfers of Business B assets to entities under External Controlled; (i) a lease of Plant P from External Controlled (or a subsidiary thereof) to Foreign Parent (or a subsidiary thereof); (j) books and records; (k) certain employee benefits and pension matters; and (l) indemnification and litigation. The taxpayer states that many, but not all, of these transitional arrangements will be on terms similar to those used in third-party transactions. Some transactions may be on transitional terms for a period of up to 24 months after the External Spin-Off.

Foreign Parent has repurchased its stock in recent years under announced buyback programs to return capital to shareholders and mitigate the dilutive effect of equity-based participation plans of Foreign Parent employees. Foreign Parent does not solicit from, negotiate with, or select among shareholders seeking to participate in the repurchases, and Foreign Parent does not know which beneficial owners of shares participate in the repurchases. The share repurchases occurred in the open market at market price. The shares repurchased in _______ and _______ represent less than \( x \) percent of the outstanding stock of Foreign Parent at any time since the beginning of _______. Foreign Parent expects to have conducted similar repurchases in the two-year period prior to the External Spin-Off, and Foreign Parent expects Foreign Parent and External Controlled to conduct similar repurchases following the External Spin-Off (collectively, the “Share Repurchases”).

About \( z \) percent of Foreign Parent shares are held by Special Purpose Entities. The Special Purpose Entities are separate legal entities with no shareholders or other residual economic beneficiaries and are formed for specific Purposes. Foreign Parent has no direct economic interest in the assets, liabilities, or income of the Special Purpose Entities and does not exercise direct control over them. However, Foreign Parent is required to include the Special Purpose Entities in Foreign Parent’s consolidated financial statements under Accounting Rule A. The Special Purpose Entities will receive External Controlled stock as shareholders of Foreign Parent, but the Special Purpose Entities may independently decide to retain or dispose of their External Controlled shares. The Special Purpose Entities are foreign entities that are not subject to U.S. federal income tax.

Representations

The Distributions

With respect to the U.S. Controlled Split-Off, Foreign Distributions 1, 2, and 3, and the External Spin-Off (collectively, the “Distributions”), except as set forth below, Foreign Parent has made all of the representations in section 3 of the Appendix to Rev. Proc. 2017-52, 2017-41 I.R.B. 283.
For purposes of these representations, references to “Distributing” and “Controlled” are to the distributing and controlled corporations, respectively, for the indicated covered transaction(s). If no covered transaction is specified, the representation is applicable to all covered transactions.

(1) Foreign Parent has made the following alternative representations set forth in section 3 of the Appendix to Rev. Proc. 2017-52:

Representations 3(a); 11(a); 15(a); 22(a); 31(a); 41(a).

(2) Foreign Parent has not made the following representations, which do not apply to the proposed transactions:

Representations 5 and 6 (with respect to the U.S. Controlled Split-Off); 7 (with respect to Foreign Distributions 1, 2, and 3 and the External Spin-Off); 17, 18, and 19 (with respect to Foreign Distributions 1, 2, and 3); 20, 24 and 25 (with respect to all the Distributions); 35 (with respect to the U.S. Controlled Split-Off and Foreign Distributions 1, 2, and 3); and 40 (with respect to the External Spin-Off).

(3) Foreign Parent has not made Representation 40 with respect to the U.S Controlled Split-Off and Foreign Distributions 1, 2, and 3.

(4) Foreign Parent has made the following modified representations:

Representation 8: If Distributing has any securities outstanding, Distributing will not distribute Controlled stock, Controlled securities, or Other Property to the holders of any such Distributing securities in the Distribution, in satisfaction thereof.

Representation 18 (with respect to the U.S. Controlled Contribution): The total adjusted basis and the fair market value of the assets transferred to Controlled by Distributing will each equal or exceed the sum of: (a) the total amount of the liabilities (other than the U.S. Controlled Deductible Liabilities) assumed (within the meaning of section 357(c)) by Controlled, and (b) the total amount of any money and the fair market value of any property, if any, received by Distributing and transferred to its shareholders or creditors.

Representation 19 (with respect to the U.S. Controlled Split-Off): Distributing will not receive any Other Property from Controlled in pursuance of the plan of reorganization.

Representation 32 (with respect to Foreign Distribution 1): Except to the extent that the U.S. Controlled Dividend is paid in the form of a note, no intercorporate debt will exist between Distributing and Controlled at the time of, or subsequent to, the distribution of Controlled stock. To the extent the U.S. Controlled Dividend is paid in the form of a note, such note
will be repaid with the proceeds of third-party borrowings prior to the External Spin-Off.

**Representation 33:** Payments made in connection with all continuing transactions arising after the External Spin-Off will either (i) be made pursuant to the Transitional Arrangements, or (ii) be for fair market value based on arms-length terms.

**Representation 43:** To the extent either Distributing or Controlled is treated as a controlled foreign corporation within the meaning of section 957 as a result of section 958(b), no affiliate of Foreign Parent will be required to include an amount of income with respect to either Distributing or Controlled under section 951(a).

**Representation 44:** The Distribution is not part of a plan (or series of related transactions) resulting in any foreign corporation being treated as a “surrogate foreign corporation” within the meaning of section 7874(a)(2)(B)(ii) or a domestic corporation as a result of section 7874(b).

**Representation 46:** Controlled will not issue stock to a person other than Distributing in anticipation of the Distribution. Controlled may issue debt that is treated as a security for U.S. federal income tax purposes to third party lenders in exchange for cash in connection with the Distribution.

**Other Representations**

(5) Foreign Parent has made the following representation with respect to the Internal Asset Contribution, if it occurs:

The gross fair market value of all assets transferred in the Internal Asset Contribution will be less than 30 percent of the gross fair market value of the consolidated assets of U.S. Sub 1, U.S. Sub 2, U.S. Sub 3, and U.S. Sub 4, respectively, immediately prior to the Internal Mergers.

(6) Foreign Parent has made the following representation with regard to the U.S. Controlled Dividend:

U.S. Parent will use the proceeds of the U.S. Controlled Dividend to (i) make acquisitions of unaffiliated entities; (ii) repay indebtedness issued to its foreign affiliates to finance acquisitions described in clause (i); or (iii) make contributions to subsidiaries or make loans to affiliates on arms-length terms (in each case in clause (iii), other than U.S. Distributing or any direct or indirect subsidiary of U.S. Distributing).

(7) Foreign Parent has made the following representations with respect to the U.S. Controlled Deductible Liabilities:
(a) The incurrence of the U.S. Controlled Deductible Liabilities did not result in the creation of, or increase in, basis of any property.

(b) The U.S. Controlled Deductible Liabilities may be accrued by U.S. Distributing for financial accounting purposes, but will not meet the timing or certainty requirements to be deducted under U.S. Distributing’s method of accounting. The U.S. Controlled Deductible Liabilities will become deductible by U.S. Controlled if, as, and when they satisfy the timing and certainty requirements for a deduction under U.S. Controlled’s method of tax accounting after the U.S. Controlled Contribution.

(8) Foreign Parent has made the following representations with respect to the Share Repurchases:

(a) The Share Repurchases were, are, and will be motivated by a business purpose, and the stock that has been and will be repurchased in the Share Repurchases was, is and will be widely held.

(b) The Share Repurchases were not, are not, and will not be motivated to any extent by a desire to increase or decrease the ownership percentage of any shareholder or group of shareholders.

(c) Because the Share Repurchases were, are, and will be made on the open market, Foreign Parent did not and does not expect to know the identity of any shareholder from which Foreign Parent’s stock was, is, or will be repurchased, and Foreign Parent does not expect External Controlled to know the identity of any shareholder from which External Controlled’s stock will be repurchased.

(9) Foreign Parent has made the following representations regarding the potential retention of External Controlled shares by the Special Purpose Entities:

(a) The establishment of the Special Purpose Entities and their capitalization with Foreign Parent shares occurred prior to any discussions regarding the Proposed Transaction and did not otherwise occur in pursuance of a plan having as one of its principal purposes the avoidance of U.S. federal income tax.

(b) Board Members’ fiduciary duties to the Special Purpose Entities will not permit the Special Purpose Entities to waive their right to receive, or otherwise avoid receiving, External Controlled shares with respect to the Foreign Parent shares they hold in the External Spin-Off.

(c) Foreign Parent will undertake in a manner consistent with Country Z law to encourage the Special Purpose Entities to dispose of External Controlled shares in a commercially reasonable manner as soon as possible but in no event later than five years after the External Spin-Off.
(d) Following the External Spin-Off, none of Foreign Parent’s directors or officers will serve as directors or officers of External Controlled.

(e) Foreign Parent will not exercise control or influence over the Special Purpose Entities’ voting decisions with respect to any External Controlled shares held by the Special Purpose Entities.

(10) The following representation relates to corporate subsidiaries of Foreign Parent that own Foreign Parent stock:

Any direct or indirect subsidiary of Foreign Parent that holds Foreign Parent shares will waive its right to receive External Controlled shares in the External Spin-Off and will not receive External Controlled shares in the External Spin-Off. For purposes of this representation, the Special Purpose Entities are not treated as subsidiaries of Foreign Parent.

Rulings

Rulings on Covered Transactions

Based solely on the information submitted and the representations made, we rule as follows with respect to the Covered Transactions:

U.S. Controlled Contribution and U.S. Controlled Split-Off:

1. The U.S. Controlled Contribution, followed by the U.S. Controlled Split-Off, will be a reorganization under section 368(a)(1)(D). Distributing and Controlled each will be a “party to a reorganization” within the meaning of section 368(b).

2. No gain or loss will be recognized by U.S. Distributing on the U.S. Controlled Contribution (sections 357(a) and 361(a)).

3. No gain or loss will be recognized by U.S. Controlled on the U.S. Controlled Contribution (section 1032(a)).

4. The basis in each asset received by U.S. Controlled in the U.S. Controlled Contribution will equal the basis of that asset in the hands of U.S. Distributing immediately before the U.S. Controlled Contribution (section 362(b)).

5. The holding period in each asset received by U.S. Controlled in the U.S. Controlled Contribution will include the period during which U.S. Distributing held that asset (section 1223(2)).

6. No gain or loss will be recognized by U.S. Distributing on the U.S. Controlled Split-Off (section 361(c)).
7. No gain or loss will be recognized by (and no amount otherwise will be included in the income of) U.S. Parent in the U.S. Controlled Split-Off (section 355(a)(1)).

8. U.S. Parent’s basis in the U.S. Controlled stock following the U.S. Controlled Split-Off will equal the basis of the U.S. Distributing shares exchanged for such U.S. Controlled stock in the U.S. Controlled Split-Off (section 358(a) and § 1.358-2(a)(2)).

9. The holding period of the U.S. Controlled shares received by U.S. Parent in the U.S. Controlled Split-Off will include the holding period of the U.S. Distributing shares surrendered in the U.S. Controlled Split-Off (section 1223(1)).

10. As provided in section 312(h), proper allocation of earnings and profits between U.S. Distributing and U.S. Controlled will be made under Treas. Reg. § 1.312-10(a).

11. The U.S. Controlled Deductible Liabilities will be excluded under section 357(c)(3) in determining the amount of liabilities of U.S. Distributing assumed by U.S. Controlled for purposes of section 357(c), 358(d), and 361(b)(3).

12. For purposes of satisfying the Active Business Requirement, U.S. Distributing and U.S. Controlled may take into account all activities performed by employees of an affiliate (as defined in section 1504(a) without regard to section 1504(b), except that the term “stock” includes nonvoting stock described in section 1504(a)(4)), regardless of whether such affiliate is a member of such corporation’s separate affiliated group. See Rev. Rul. 79-394, 1979-2 C.B. 141, amplified by Rev. Rul. 80-181, 1980-2 C.B. 121.

Foreign Distribution 1, Foreign Distribution 2, and Foreign Distribution 3

With respect to Foreign Distribution 1, Foreign Distribution 2, and Foreign Distribution 3, the five rulings below refer to the distributing corporation as “Distributing” and the controlled corporation as “Controlled” and to the respective numbered distribution as the “Distribution.”

13. Distributing will not recognize gain or loss on the Distribution (section 355(c)).

14. No gain or loss will be recognized by (and no amount otherwise will be included in the income of) the Distributing shareholder as a result of the Distribution (section 355(a)(1)).

15. The Distributing shareholder’s basis in the stock of Controlled following the Distribution will equal the shareholder’s basis in the stock of Distributing it held
immediately prior to the Distribution, allocated between the stock of Controlled and Distributing in proportion to their relative fair market values (section 358(c) and § 1.358-2(a)(2)).

16. The holding period of the Controlled shares received by the Distributing shareholder will include the holding period of the Distributing stock with respect to which the Distribution is made (section 1223(1)).

17. As provided in section 312(h), proper allocation of earnings and profits between Distributing and Controlled will be made under Treas. Reg. § 1.312-10(a).

**External Contribution and External Spin-Off**

18. The External Contribution, followed by the External Spin-Off, will be a reorganization under section 368(a)(1)(D). Foreign Parent and External Controlled each will be a “party to a reorganization” within the meaning of section 368(b).

19. No gain or loss will be recognized by Foreign Parent on the External Contribution (sections 357(a) and 361(a)).

20. No gain or loss will be recognized by External Controlled on the External Contribution (section 1032(a)).

21. The basis of each asset received by External Controlled in the External Contribution will equal the basis of that asset in the hands of Foreign Parent immediately before the External Contribution (section 362(b)).

22. The holding period of each asset received by External Controlled in the External Contribution will include the period during which Foreign Parent held the asset (section 1223(2)).

23. No gain or loss will be recognized by Foreign Parent as a result of the External Spin-Off (section 361(c)).

24. No gain or loss will be recognized by (and no amount otherwise will be included in the income of) the shareholders of Foreign Parent as a result of the External Spin-Off (section 355(a)(1)).

25. Each Foreign Parent’s shareholder’s basis in Foreign Parent stock and External Controlled stock following the External Spin-Off will equal such shareholder’s basis in the stock of Foreign Parent it held immediately prior to the External Spin-Off, allocated between the stock of Foreign Parent and External Controlled in proportion to their relative fair market values (section 358(c) and § 1.358-2(a)(2)).
26. The holding period of the External Controlled shares received by each shareholder of Foreign Parent in the External Spin-Off will include the holding period of the Foreign Parent shares with respect to which the External Spin-Off will be made, provided that such Foreign Parent shares are held as capital assets on the date of the External Spin-Off (section 1223(1)).

27. As provided in section 312(h), proper allocation of earnings and profits between Foreign Parent and External Controlled will be made under Treas. Reg. § 1.312-10(a).

28. The transfer of U.S. Controlled stock to External Controlled in the External Contribution will not be “evidence of device” within the meaning of Treas. Reg. § 1.355-2(d) with respect to any transaction for which U.S. Controlled is the controlled corporation within the meaning of section 355.

29. To the extent the Share Repurchases are treated as part of a plan (or series of related transactions) with the External Spin-Off (or any other step of the Proposed Transaction) for purposes of section 355(e), the Share Repurchases will be treated as being made from all holders of Foreign Parent common stock or External Controlled common stock, as applicable, on a pro rata basis for purposes of testing the effect of the Share Repurchases on the External Spin-Off (or any other step of the Proposed Transaction) under section 355(e).

30. To the extent that External Controlled shares received by the Special Purpose Entities are treated as retained by Foreign Parent, such retention will not be in pursuance of a plan having as one of its principal purposes the avoidance of U.S. federal income tax within the meaning of section 355(a)(1)(d)(ii) and Treas. Reg. § 1.355-2(e).

Rulings on Significant Issues

Based solely on the information submitted and the representations made, we rule as follows with respect to significant issues:

Internal Mergers

31. The U.S. Controlled Contribution and the Internal Asset Contribution will not preclude the Internal Mergers from qualifying as complete liquidations within the meaning of section 332 or reorganizations under section 368.

U.S. Controlled Dividend

32. The U.S. Controlled Dividend will be a distribution to which section 301 applies.
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 addressed by this letter.

Procedural Statements

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

A copy of this ruling letter should be attached to the federal income tax return of each taxpayer involved for the taxable year in which the transaction covered by this ruling letter is consummated. 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.

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

Sincerely,

Gerald B. Fleming
Gerald B. Fleming
Senior Technician Reviewer, Branch 2
Office of Associate Chief Counsel
(Corporate)

cc: