

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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7805.01-01

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact: _____, ID No.

Telephone Number:

Refer Reply To:
CC:CORP:5
PLR-134289-18

Date:
February 25, 2020

Legend

Distributing Parent =

Sub 1 =

FSub 2 =

Dear _____:

This letter refers to a private letter ruling issued by the Internal Revenue Service to Distributing Parent on August 30, 2019 (PLR 201948001, the "Letter Ruling"). In the Letter Ruling, step (xxii) of the Proposed Transaction is described as follows:

Following the IPO and no later than g months after the Distribution, Distributing Parent will use the Cash Proceeds to (a) repurchase common stock of Distributing Parent, (b)(1) repay Distributing Parent Debt A or Distributing Parent Debt B, (2) contribute a portion of the Cash Proceeds to Sub 1 to allow Sub 1 to repay the Sub 1 Debt, or (3) contribute a portion of the Cash Proceeds to FSub 2 to allow FSub 2 to repay the FSub 2 Debt and/or a portion of the FSub 2 Commercial Paper (collectively, the "Distributing Parent Group Purged Debt"), or (c) some combination thereof (all such uses of the Cash Proceeds, the "Cash

Boot Purge,” and the Cash Boot Purge together with the Contribution and Distribution, the “Reorganization”).

Ruling (3) in the Letter Ruling states: “Distributing Parent will recognize no gain or loss on the Contribution. Sections 361(a), 361(b), and 357(a).”

In step (xviii) of the Proposed Transaction, the Letter Ruling defines the term “Contribution” as the transfer by Distributing Parent to External Controlled of certain property in exchange for stock of External Controlled, the “Cash Proceeds” (also defined in step (xviii)), and assumption by External Controlled of certain liabilities of Distributing Parent. Other terms defined in the Letter Ruling are used in the above-quoted excerpts from the Letter Ruling and in this letter.

Section 11.04 of Rev. Proc. 2020-1, 2020-1 I.R.B. 1, 62-63 provides that a letter ruling found to be in error or not in accord with the current views of the Service may be revoked or modified. If a letter ruling is revoked or modified, the revocation or modification applies to all years open under the period of limitation unless the Service uses its discretionary authority under section 7805(b) to limit the retroactive effect of the revocation or modification.

Section 7805(b) provides that the Secretary may prescribe the extent, if any, to which any ruling relating to the internal revenue laws shall be applied without retroactive effect.

Accordingly, the Letter Ruling is modified to revoke Ruling (3) to the extent it applied to the portions of the Cash Proceeds contributed to Sub 1 and FSub 2, regardless of whether such Cash Proceeds were or will be used to repay Sub 1 Debt, FSub 2 Debt or FSub Commercial Paper.

Pursuant to section 7805(b), the partial revocation of Ruling (3) will not be given retroactive application and shall be effective on the date of this letter. See section 11.06 of Rev. Proc. 2020-1.

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.

Sincerely,

William W. Burhop
William W. Burhop
Senior Technician Reviewer
Office of Associate Chief Counsel
(Corporate)

cc: