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From: [REDACTED]

Sent: Tuesday, September 22, 2020 2:30:22 PM

To: [REDACTED]

Cc:

Bcc:

Subject: RE: -FY -CSA

If the taxpayer knew at the end of the second quarter of the fiscal year, when the withdrawal occurred, that it intended to liquidate the withdrawing participant into the U.S. subsidiary at the end of the fiscal year, then potentially taxpayer would not need to include any royalties after the second half of the FY of the withdrawal in its 5-year projection for U.S. subsidiary. However, if that is the case, then beginning in the year following the withdrawal (after the liquidation of the withdrawing participant into the U.S. subsidiary) the U.S. subsidiary would own all the rights to exploit IP previously retained by the withdrawing participant, as well as the future rights to exploit IP developed post-withdrawal, and taxpayer would potentially need to include all of U.S. subsidiary's reasonably anticipated benefits from all of those rights in its 5-year projection for U.S. Subsidiary.

Kind regards