

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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Person To Contact:  
, ID No.

Telephone Number:

Refer Reply To:  
CC:CORP:B04  
PLR-119954-20

Date:  
March 3, 2021

Legend

Parent =

Taxpayer =

Date 1 =

Date 2 =

Date 3 =

Date 4 =

Dear :

This letter responds to a letter dated September 9, 2020, requesting the consent of the Commissioner to file a consolidated return under §1.1502-75(f)(1) of the Income Tax Regulations. The material information submitted is summarized below.

The rulings contained in this letter are based upon information and representations submitted by Taxpayer and accompanied by a penalty 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 rulings, it is subject to verification on examination.

## FACTS

For the tax year ending Date 1, Parent, as the common parent of an affiliated group of corporations (which included Taxpayer and the affiliated subsidiaries of Taxpayer), filed a consolidated return for federal income tax purposes.

On Date 2, Taxpayer and the affiliated subsidiaries of Taxpayer deconsolidated from the Parent consolidated group. Notwithstanding that, as of the end of the day on Date 2, the affiliation between Parent, Taxpayer, and the affiliated subsidiaries of Taxpayer had been broken, the return filed for the Parent consolidated group for the tax year ending Date 3 included the items of income, gain, deduction, loss, and credit of Taxpayer and the affiliated subsidiaries of Taxpayer for the entire tax year ending Date 3.

Subsequently, it was discovered that from Date 4 onward Parent had not owned the requisite ownership percentage of Taxpayer stock needed for Taxpayer and the affiliated subsidiaries of Taxpayer to be included in a consolidated return with Parent as the common parent.

Generally, if a consolidated return improperly includes the income of one or more corporations which were not members of the affiliated group, then, pursuant to §1.1502-75(f)(1), the income tax liability of such corporations for the improperly included period is to be determined on the basis of separate returns. However, also pursuant to §1.1502-75(f)(1), if the improperly included corporations constitute another affiliated group, then, upon application and approval, the income of such corporations may be reported on the basis of a consolidated return. Taxpayer has requested approval for the making of a consolidated return for Taxpayer and the affiliated subsidiaries of Taxpayer for the period Date 4 through Date 3.

The period of limitations on assessment under section 6501(a) has not expired for Parent, Taxpayer, or any of the affiliated subsidiaries of Taxpayer for the tax year ending Date 3 or for any later tax year.

## RULINGS

Based on the facts submitted and the representations made, we rule as follows:

(1) Taxpayer and the affiliated subsidiaries of Taxpayer (the "Taxpayer Group") are permitted to file a consolidated federal income tax return for the tax year beginning Date 4 and ending Date 3. Section 1.1502-75(f)(1). The Taxpayer Group has a continuing consolidated return filing requirement pursuant to §1.1502-75(a)(2) for subsequent tax years in which the Taxpayer Group remains in existence.

(2) Provided that pursuant to ruling (1), above, the Taxpayer Group files a consolidated federal income tax return for the tax year beginning Date 4 and ending Date 3, the amount of federal income taxes Parent previously paid on a consolidated return basis

for the tax year ending Date 3 is to be allocated between the Parent consolidated group and the Taxpayer Group based upon the respective taxable incomes of the groups. Section 1.1502-75(f)(2).

(3) Parent must amend its consolidated federal income tax return for the tax year ending Date 3 to remove the items of income, gain, deduction, loss, and credit attributable to the Taxpayer Group for the time period beginning Date 4 and ending Date 3.

#### CAVEAT

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

#### PROCEDURAL MATTERS

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.

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.

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,

*Thomas I. Russell*

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Thomas I. Russell  
Chief, Branch 1  
Office of Associate Chief Counsel (Corporate)

cc: