

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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Third Party Communication: None  
Date of Communication: Not Applicable

Person To Contact:  
, ID No.

Telephone Number:

Refer Reply To:  
CC:INTL:B04  
PLR-116484-22

Date:  
November 03, 2022

TY:

Legend

Parent =

Entity 1 =

Entity 2 =

Date 2 =

Date 3 =

Date 4 =

Date 5 =

Date 6 =

Date 7 =

Year 1 = The calendar year that includes Date 4

Year 2 = The calendar year that includes Date 7

Dear :

This letter responds to your letter dated August 12, 2022, and additional correspondence dated November 3, 2022, requesting a supplemental private letter ruling to the private letter ruling dated January 29, 2021 (PLR-120013-20) (the "Prior Letter Ruling") on certain federal income tax consequences of a series of transactions described therein. The material information submitted in that request and subsequent correspondence is summarized below. Capitalized terms not defined in this letter have the meanings assigned to them in the Prior Letter Ruling.

The rulings contained in this letter are based upon information and representations submitted by Parent 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. All Code and section references are to the Internal Revenue Code of 1986, as amended.

### **Supplemental Facts**

The facts as described in the Prior Letter Ruling are unchanged, except that Steps 2, 3, and 4 did not occur on Dates 2, 3, and 4, respectively. Instead, Steps 2, 3, and 4 occurred on Dates 5, 6, and 7, respectively.

In addition, Parent intends to cause Entity 2 to distribute cash (including cash received in Step 4) to Entity 1 before the last day of Year 2 (the "Distribution").

At all relevant times, each of Parent, Entity 1, and Entity 2 uses the calendar year for its taxable year.

Entity 2 has one class of stock outstanding, all of which is owned directly by Entity 1.

### **Representations**

Parent reaffirms all of the material information submitted in connection with, and all the representations contained in, the Prior Letter Ruling, as modified and supplemented by the representations and information herein. Each representation contained in the Prior Letter Ruling that references Date 2, Date 3, Date 4 or Year 1 is modified by replacing Date 2 with Date 5, Date 3 with Date 6, Date 4 with Date 7, and Year 1 with Year 2.

Parent has made the following additional representations:

1. Parent and Entity 1 will compute and report its Year 2 consolidated taxable income in accordance with all applicable rules, including keeping, maintaining and making adjustments to its and its affiliates' previously taxed earnings and profits ("PTEP") accounts in accordance with Notice 2019-01, 2019-2 IRB 275.
2. Entity 1 will, under section 951(a)(1)(A), include in its gross income for Year 2 its pro rata share of Entity 2's subpart F income (within the meaning of section 952(a)) for Year 2. Entity 1 will, under section 951A(a), include in its gross income for Year 2 its GILTI inclusion amount (within the meaning of Treas. Reg. §§ 1.951A-1(c)(1) and 1.1502-51). Any amount so included by Entity 1 under section 951(a)(1)(A), or under section 951A(a) and allocated to Entity 2 under section 951A(f)(2) and Treas. Reg. § 1.951A-5(b)(2), will, under section 959, give rise to an increase (in Entity 2's functional currency) to Entity 1's PTEP accounts with respect to Entity 2, and will under section 961(a) give rise to an increase (in

U.S. dollars) to Entity 1's adjusted basis in its stock of Entity 2 (such increase, the "Section 961(a) Basis Increase").

3. All or a portion of the Distribution will be excluded from Entity 1's gross income under section 959(a).
4. Other than the Distribution, Entity 2 will not have made any actual or deemed distributions in Year 2 on or before the date on which the Distribution occurs.
5. For one or more shares of stock of Entity 2, the adjusted basis of the share at the time of the Distribution and without regard to the Section 961(a) Basis Increase will be less than the amount by which the adjusted basis of the share would be reduced under section 961(b)(1) (determined as if the adjusted basis were permitted to be reduced below zero) as a result of the Distribution.

### **Ruling**

Based solely on the information submitted, and on the representations set forth above, we rule as follows:

1. No foreign use is considered to occur with respect to a Country B DCL solely as a result of an item of deduction or loss attributable to the Timing Difference Liabilities. Treas. Reg. § 1.1503(d)-3(c)(7).
2. For each share of Entity 2 stock, Entity 1 will take into account the appropriate portion of the Section 961(a) Basis Increase with respect to the share when determining the extent to which Entity 1 is required to reduce the share's adjusted basis under section 961(b)(1) and recognize gain with respect to the share under section 961(b)(2) as a result of the Distribution.

### **Caveats**

No opinion is expressed regarding the tax treatment of (i) Steps 1 through 4 or the Distribution under other provisions of the Code and regulations, or (ii) any conditions existing at the time of, or effects resulting from, Steps 1 through 4 or the Distribution that are not specifically covered by this ruling.

### **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 representative.

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,

Andrew Logan Wigmore  
Senior Counsel, Branch 4  
(International)

cc: